MINISTRY OF FINANCE

PUBLIC ENTERPRISES UNIT

QUARTERLY REPORT

For the Three Months Ended

June 30, 2011

Mbabane,
Swaziland

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Swaziland Category A Public Enterprises

Sector & Enterprise	Abbreviation	Ministry
Agriculture		
1. Swaziland Dairy Board	**SDB**	AGRICULTURE
2. National Maize Corporation	**NMC**	AGRICULTURE
3. Swaziland Cotton Board	**SCB**	AGRICULTURE
4. National Agricultural Marketing Board	**NAMBOARD**	AGRICULTURE
5. Swaziland Water and Agricultural Development Enterprise	**SWADE**	AGRICULTURE
Transport		
6. Royal Swazi National Airways Corp	**RSNAC**	PUBLIC WORKS & TRANSPORT
7. Swaziland Railway	**SR**	PUBLIC WORKS & TRANSPORT
8. Central Transport Administration	**CTA**	PUBLIC WORKS & TRANSPORT
9. Swaziland Civil Aviation Authority	**SWACCA**	PUBLIC WORKS AND TRANSPORT
Finance		
10. Swaziland National Provident Fund	**SNPF**	FINANCE
11. Swaziland Development & Savings Bank	**SDSB**	FINANCE
12. Swaziland Revenue Authority	**SRA**	FINANCE
13. Swaziland Development Finance Corp.	**FINCORP**	FINANCE
14. Motor Vehicle Accident Fund	**MVA**	FINANCE
Utilities		
15. Swaziland Electricity Company	**SEC**	NATURAL RESOURCES & ENERGY
16. Swaziland Posts & Telecommunications Corporation	**SPTC**	INFORMATION COMMUNICATION AND TECHNOLOGY
17. Swaziland Water Services Corporation	**SWSC**	NATURAL RESOURCES & ENERGY
Business Promotion		
18. National Industrial Development Corporation of Swaziland*	**NIDCS**	COMMERCE, INDUSTRY & TRADE
19. Small Enterprises Development Company	**SEDCO**	COMMERCE, INDUSTRY & TRADE
20. Commercial Board*	**CB**	COMMERCE, INDUSTRY & TRADE
21. Swaziland Competition Commission	**SCC**	COMMERCE, INDUSTRY & TRADE
22. Swaziland Investment Promotion Authority	**SIPA**	COMMERCE, INDUSTRY & TRADE
23. Swaziland Standards Authority	**SWASA**	COMMERCE, INDUSTRY & TRADE
24. Swaziland Youth Enterprise Revolving Fund	**SYERF**	SPORTS AND YOUTH AFFAIRS
Education		
25. University of Swaziland	**UNISWA**	EDUCATION & TRAINING
26. SEBENTA National Institute	**SEBENTA**	EDUCATION & TRAINING

Tourism and Environment		
27. Pigg's Peak Hotel	**PPH**	TOURISM & ENVIROMENTAL AFFAIRS
28. Swaziland National Trust Commission	**SNTC**	TOURISM & ENVIROMENTAL AFFAIRS
29. Swaziland Tourism Authority	**STA**	TOURISM & ENVIROMENTAL AFFAIRS
30. Swaziland Environment Authority	**SEA**	TOURISM & ENVIROMENTAL AFFAIRS
31. Swaziland Tourism Development Company*	**STDC**	TOURISM & ENVIROMENTAL AFFAIRS
Information		
32. Swaziland Television Authority	**STVA**	INFORMATION COMMUNICATION AND TECHNOLOGY
Housing		
33. National Housing Board	**NHB**	HOUSING & URBAN DEVELOPMENT
Labor		
34. Commission for Mediation Arbitration and Conciliation	**CMAC**	LABOUR & SOCIAL WELFARE
Health		
35. National Emergency Committee on HIV/AIDS	**NERCHA**	PRIME MINISTER'S OFFICE
36. Swaziland Nazarene Health Institutions	**SNHI**	HEALTH
37. Siteki Good Sheppard Hospital	**SGSH**	HEALTH
Sports		
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Arts and Culture		
39. Swaziland National Council of Arts and Culture	**SNCAC**	SPORTS AND YOUTH AFFAIRS
Youth Affairs		
40. Swaziland National Youth Council	**SNYC**	SPORTS AND YOUTH AFFAIRS

* Dormant

OVERVIEW

Introduction

1. The Public Enterprises Unit (PEU) was established under the Public Enterprises (Control & Monitoring) Act, 1989. This Act provides for the PEU to monitor the performance of the designated Category A Public Enterprises and for the Unit to provide technical advice on their operations and policy management. The Act establishes a sound operational framework for the corporate governance of the public enterprise sector in Swaziland.

2. The Act requires each public enterprise to submit a report to the PEU on its financial and operational performance within one month after the end of every three-month period. The PEU then compiles these reports for submission to the Cabinet Standing Committee on Public Enterprises (SCOPE). This quarterly report is the PEU's fulfilment of this requirement for the period April - June 2011, which is the 1st quarter of the 2011/2012 financial year.

Implementation of the Privatization Policy

3. The draft Public Enterprises Agency (PEA) Bill which is meant to establish a more empowered entity (the Public Enterprises Agency to take over the functions of the PEU) to deal with the control and monitoring of the operational and financial affairs of state owned entities is still being amended. The Multi-Sector Regulator (MSR) Bill that is meant to guide the regulation of certain sectors is still with the Legal Advisor.

Reporting

Late Reports

4. Two (2) enterprises did not submit their report on time for the quarter as stated on page ten (10) of this report.

5. It is a statutory obligation for all Category A enterprises to report on a quarterly basis. The non-submission of quarterly reports is a violation of section 7 of the PE Act. Section 11 of the Act provides for a Disciplinary Tribunal that addresses issues of non-compliance with the Act as well as recommending disciplinary measures accordingly.

6. The quarterly reports are a vital part of the public enterprises monitoring and management process. Each enterprise's quarterly report is not only sent to the PEU, but should also be seen and approved by the Board and the line Ministry. The PEU regularly draws individual ministries and SCOPE's attention to cases of poor operational and financial performance, with accompanying suggestions on how they could be remedied.

SCOPE Approvals

7. SCOPE was able to meet eleven (11) times this quarter and they made the following approvals:

- SCOPE Definition of "Major" for 2011;
- Request for extension of term of office of the Board of Directors of National Maize Corporation;
- Completion of Board Members for the Swaziland Water and Agricultural Development

Enterprise;

- Completion of Board Members for the National Agricultural Marketing Board;
- Appointment and term of office for members of the Swaziland National Trust Commission Board of Commissioners;
- Public Enterprises Unit Quarterly Report for September 2010;
- Replacement of a Board Member of the Board of Pigg's Peak Hotel and Casino;
- Appointment of External Auditors for the Swaziland Environment Authority;
- Appointment of Acting Chief Financial Officer at SWADE,
- Appointment of an additional member of the Board of the Swaziland Investment Promotion Authority,
- Appointment of Swaziland Standards Authority Chief Financial Officer – Melusi Sigwane;
- Appointment of new Board Member for the National Maize Corporation;
- Annual Report for the financial year ended 31st March 2010 for Commission for Mediation, Arbitration and Conciliation;
- Swaziland Water Services Corporation Annual Report for the year ended 31st March 2010;
- Appointment of an Executive Director for the Commission for Mediation, Arbitration and Conciliation;
- Appointment of Chief Financial Officer for SWADE;
- Appointment and term of office for members of the SNTC Board of Commissioners.

Restructuring

Central Transport Administration (CTA)

8. The Consultants from KPMG who were commissioned by the office of the Prime Minister to conduct an inquiry into the operational and financial affairs of CTA made their recommendation that CTA should be a fully fledged public enterprise. The Bill setting up CTA as a fully fledged public enterprise has been approved by Cabinet and was sent to Parliament for debate.

Swaziland Civil Aviation Authority (SWACCA)

9. Negotiations were still going on between Government and the Unions on the transfer of staff from the Department of Civil Aviation to the newly established Swaziland Civil Aviation Authority.

Swaziland Posts and Telecommunications Corporation (SPTC)

10. Government approved the financial restructuring of the Swaziland Posts and Telecommunications Corporation's (SPTC) balance sheet by taking over E84 million debt obligations from SPTC as well as the servicing of other debts at about E45m a year. The funds were provided for in the 2008/09 financial year budget which began 42 months ago. This was meant to enable SPTC to be able to borrow money from financial institutions to finance their strategic plan as they were over borrowed. SPTC is expected to implement their strategy to turn around the entity.

11. The court battles between SPTC and MTN continued over the promotion of the wireless network called "ONE" by SPTC and not much progress was made.

Pigg's Peak Hotel (PPH)

12. Following the leasing of the Pigg's Peak Hotel (PPH) to Orion Hotels and Inns 97 months ago on a long-term lease. SCOPE approved a new management structure of the entity where the office would be run by an Administrator and an Accountant instead of the Board. The Ministry acquired the services of the Administrator and the Accountant about 8 months ago. Concern is raised on the issue of the contractual obligations by Orion Hotels and Inns who has not been able to pay rental to Piggs Peak Hotel since April 2011. The Board is in the process of taking legal action on Orion Hotels and Inns.

Swaziland Television Authority (STVA)

13. Following the review of the salaries for STVA some 18 months ago the entity has still not reviewed the organizational structure. The proposal to review the structure was supposed to be finished 27 months ago. The board and Ministry are urged to finalize this very vital undertaking.

14. The position of CEO is still held on an acting capacity following the passing away of the former CEO. The Board and the Ministry were still working on a substantive replacement.

Swaziland Water Services Corporation (SWSC)

15. This is the 112th quarter that Swaziland Water Services Corporation (SWSC) has been operating without subvention from Government after the subvention was stopped as it was agreed in the Performance Contract between Government and the enterprise.

Swaziland National Trust Commission (SNTC)

16. The report on the restructuring of SNTC was approved 95 months ago by SCOPE. SNTC started implementing the restructuring of the enterprise by out-sourcing the Commercial operations in Mantenga and Hawane in July 2006. The two resorts are currently being run by private operators on a lease basis. In the meantime the Board and the Ministry are working on amendment of the SNTC Act to allow SNTC to be able to enter into Joint Venture operations. The Bill has been tabled in both Houses of Parliament for approval. Mlawula is still being operated by SNTC using own staff and resources.

Royal Swazi National Airways Corporation (RSNAC)

17. A new Board was appointed 20 months ago and are expected to come up with recommendations to Government on the future of the enterprise since the operations of the enterprise were

downsized. The new Board continued implementing the recommendations of the forensic audit and the report of the Parliamentary Disciplinary Tribunal.

General

Management Development - Individual

18. The PEU continued supporting individual training of senior management of Public Enterprises through the training portion of the Loan Guarantee Fund. Under this program enterprises send their senior managers to certain specific courses, but before the courses are attended the PEU has to be consulted. The PEU assesses the course content and its relevance to the operations of that particular enterprise. The enterprises are reimbursed for this training from funds set aside for individual training under the scheme. During the quarter there were nine (9) individuals that went for training and they were from Swazibank (6) and University of Swaziland (3).

Management Development – Group Training

19. There was no group training during the quarter. The Public Enterprise Group Training Committee of which the PEU is co-ordinator finalized the two-year training cycle during the previous quarter.

Corporate Governance

20. Following the accreditation of SAMKHO Consulting and REDI Consulting to deliver Corporate Governance training to Boards of category A public enterprises, three (3) boards were trained during the quarter i.e SIPA, SWASA and Piggs Peak Hotel and Casino.

The Swaziland Public Enterprises Association (SPEA)

21. The Swaziland Public Enterprises Association (SPEA) did not meet this quarter. SPEA brings together the Chief Executives of the Category A public enterprises in a meeting with representatives of the PEU to discuss matters of mutual concern. These meetings are a valuable source of information for all the participating enterprises.

Non appointment of Chief Executive Officers, Chief financial Officers and Board of Directors

22. At the end of the quarter there was still no substantive Chief Executive Officer for the following public enterprises:
    - Royal Swazi National Airways - Acting CEO following restructuring.
    - FINCORP - Acting CEO following resignation of Former CEO
    - CTA - Substantive CEO retired.
    - STVA - Acting CEO following death of former CEO
    - Youth Fund - Acting CEO pending appointment of CEO.

23. **At the end of the quarter there was still no substantive Chief Financial Officer for the following public enterprises:**

    - Royal Swazi National Airways - Vacant following restructuring.

- Swazi TV - Vacant

24. The non-appointment of the Chief Executive Officers, Chief Financial Officers, and Boards for these public enterprises is not a good sign of corporate governance and this may mean that these entities do not have the necessary and proper guidance that they need to have.

25. Chief Executive Officers not on contract:

- The Swaziland National Provident Fund Chief Executive Officer is still not on contract.

Re - Categorization Of Public Enterprises

26. The following Public Enterprises are not under category A yet they are wholly owned by Government:
    - Registrar of Insurance and Retirement Funds
    - Financial Services Regulatory Authority
    - Swaziland Energy Regulatory Authority
    - Public Service Pensions Fund

27. There is need for a review of the categorization of these entities with a view to consider whether they should be moved from category A to category B. If these entities are moved to category A they will be expected to submit quarterly reports.

28. There are other entities that receive substantial amounts of funding from Government but they are neither in category A nor B. For the 2011/12 financial year these entities received funding as follows:

• Manzini Industrial Training Centre	E2,338,369
• Nhlangano Agricultural Skills Training Centre	E1,148,987
• Siteki Industrial Training Centre	E 611,357
• Swaziland Institute of Accountants	E 170,000
• Swaziland Economic Policy Analysis & Research Centre	E3,900,000
• Institute of Development Management	E5,756,297
• National Nutritional Council of Swaziland	E2,500,000
• Swaziland Hospice at Home	E3,686,200
• Family Life Association	E 777,800
• SOS Children's Village Association of Swaziland	E 338,900
• Swaziland Association for Crime Prevention & Rehabilitation	E675,000

29. There is a need for a consideration on whether these entities need to be included under category entities because they also receive funding from Government.

INDIVIDUAL ENTERPRISE REPORTS

For the quarter under review the following active enterprise did not submit their report.

1. Central Transport Administration
2. Swaziland National Youth Council

SWAZILAND DAIRY BOARD (SDB)

Parent Ministry: Ministry of Agriculture

The SDB reported as follows for the quarter,

Operational Review

- The Swaziland Dairy Board (SDB) places more emphasis on developing and protecting the local dairy industry through provision of training, extension and regulatory services. These activities form the core functions of the Board and are undertaken through its departments which include the Dairy Development Services, Quality Control, Finance and Administration as well as Information and Economic Analysis.

- The Quality Control department continued with its regulatory function of the Board. This was done through working with processors, distributors, retailers and producers of dairy products. The Board moved from charging levy using the specific duty to charging levy using a percentage of the invoice value of the product. The board charges levy on the original price of the product not on discounts.

- The department was involved in the inspection of dairy processing plants, wholesale and retail outlets. The department was also involved in the monitoring of imports and exports of dairy products.

- The Dairy Development Services department is responsible for the provision of support, training and advisory services to milk producers. Services to farmers include among other things, resource assessment for starting dairy farmers, siting and construction of dairy structures, forage production and conservation, perennial and winter pasture establishment and management, procurement of dairy cattle locally and from the Republic of South Africa, production of round bales of hay, artificial insemination coupled with heat detection, dairy cattle feeds and feeding, clean milk production and proper handling, calf rearing, record keeping, dairy herd health and its application, milk marketing, general farm management, formation and coordination of farmer groups and management of communal milk collection centres.

- Dairy Development Officers continued to provide artificial insemination (A.I.) services to dairy cattle for milk producers in all the regions of the country. The A.I. services included synchronization of oestrus, breeding of cows/heifers and general dairy farm management to improve the dairy herds. 79 dairy cows/heifers were bred using the A.I. method and amongst the total, 26 were synchronized in the Shiselweni and Manzini regions.

- Technical advices and dairy husbandry practical services were offered to dairy farmers during specific farm visits to address their farm problems, motivate and equip them with certain skills required to improve the performance of their dairy farms. A total of 214 farm visits were carried out covering all the regions of the country.

- Three (3) day time workshops on dairy cattle were carried out in the Manzini (Mkhiweni Inkhundla), Hhohho (Endzingeni Inkhundla) and Shiselweni (Mashobeni South) with a total attendance of 61 participants.

- A graduation ceremony for 105 farmers (65 dairy goats and 40 dairy cattle) was held this quarter and was graced by the Honourable Minister for Agriculture. Another dairy course on dairy cattle and dairy goats was started for both aspiring and dairy farmers who already existed. The total number of farmers was 33 (8 dairy goat and 25 dairy cattle farmers).

- There were no dairy cattle imported into the country due to an outbreak of foot and mouth disease (FMD) in the Jozini area in the Republic of South Africa (RSA). RSA then subsequently extended their FMD risk to cover the whole of RSA territory and banned all exports especially cloven-hoofed live animals which included dairy cattle. The ban has been effective since February 2011. It is hoped all necessary measures will be put in place for the early resumption of imports.

- The Board continued to work with the University of Swaziland (Luyengo Campus) in ensuring the success of the degree program, Bachelor of Science Degree in Animal Science – Dairy Option, which is intended to produce graduates with hands on experience and can be employed by the dairy industry with ease as dairy officers. The Board was working with the University of Swaziland to get five (5) students to be attached in the dairy enterprises.

- A total of 12 farmers were on the waiting list to purchase the one-point milking machines through Swaziland Dairy Board. Two farmers had already paid deposits for the machines and one had paid fully. The other nine were encouraged to pay deposits as well, before the machines are procured. Machines for farmers who have paid will be purchased in the next quarter. The demand for milking machines is increasing as farmers realise the advantages of using milking machines when milking their cows. The advantages include clean milk production and handling, complete milking resulting in more milk per cow and short time milking period etc.

- The Board continued to work on the project of collecting milk from the local indigenous herd to boost future milk production. The milk collection centre at Hlane Inkhundla under Malindza Chiefdom continued to receive milk from farmers. The total amount of milk received was 14, 259.70 litres amounting to E60, 918.80.

- A group of dairy farmers at Luve was assisted with an 800 litre tank to cool and sell their milk. The collection centre received 1,053.50 litres from three farmers which amounted to E5, 267.50. The construction of another collection centre was started at Khuphuka and it is expected that the construction will be completed in the next quarter.

- Meetings were conducted in the regions of the country to brief Animal Health staff, Dip Tank assistants and Dip Tank committees on the indigenous cattle dairying project. A total of 10 meetings were held in the Hhohho, Manzini and Shiselweni regions with a total attendance of 225. These meetings will be continued in the next quarter.

- The board continued to produce round bales of hay mainly for dairy farmers. There were 82 bales produced this quarter and farmers had already placed orders for up to 71 bales to feed their cattle and also prepare for the remaining part of the dry season.

- A total of 14 dairy farmers from all the regions of the country were assisted with the development of business plans. There were two large scale farmers, three middle scale and nine small scale farmers. One farmer selected four of his indigenous high yielding cows and started commercially milking them. His plan is to procure two more exotic breeds for his business.

- The Board continued to promote the production of goat milk in different forums where farmers had meetings. This has largely been in the road shows which were held in collaboration with SEDCO.

- The Board continued to work with Swaziland Agricultural Development Programme (SADP), a programme funded by European Union (EU), to expand the smallholder dairy development in the country through the provision of technical assistance and resources. The Board submitted a concept paper to the Ministry of Agriculture on a concept "Passing on of the Gift". In this approach, an in-calf heifer/cow is given to a household which in turn has to pass on an in-calf heifer to another household. It is expected that initially 50 dairy animals will be procured and distributed in all the regions of the country. The cows will be distributed to four pilot groups where the target beneficiaries within the group will be categorised into very poor, poor and the mid-level income.

- The Board continued to play a role in the promotion of investment in the country through creating an environment that will create confidence and opportunities for investors. The Board facilitated discussions with the relevant stakeholders.

- The Board is looking at training four (4) community artificial inseminators to mainly service the passing on of the gift groups, subject to the availability of funds, who shall service dairy cows in the communities and livestock owners who may want artificial insemination services. The artificial inseminators will work closely with the Swaziland Dairy Board officers who are qualified and experienced.

- Boards properties
    - Matsapha flats and Coates Valley house
      The Board continued to manage and carry out the necessary repairs and maintenance on the properties. Occupancy rate was 100%.

    - Enguleni House
      There were two (2) vacant spaces in the building. There was another space which although not necessarily vacant but the Board preferred a landlord hypothec and therefore it was locked pending the outcome of the matter in court. Most of the tenants paid their monthly rentals accordingly except for a few tenants who have been handed over to lawyers so they could recover the money on behalf of the Board.

    - Nhlangano Depot
      The depot has been temporarily given to Shiselweni veterinary department to safeguard the premises whilst the Board is in the process of renovating the structure.

    - Balekane Farm
      The Board followed up on rental collections following a subsequent take over of the tenants (Hhohho Cotton Growers Association) by the Royal Swaziland Sugar Corporation. This take over has improved the likelihood of recoverability of outstanding amounts by the tenant as the latter has the ability to continue as a going concern.

    - Lot 447/1 - Matsapha
      This is a vacant plot adjacent to Lot 447/R.

    - Lot 447/R
      The Boards factory at Matsapha was leased to Parmalat Swaziland whose rentals are being collected on a timely basis.

    - Moneni
      This is a vacant plot in Moneni, Manzini.

Financial Situation

- Net profit for the quarter was E419,763 compared to E449,196 the previous quarter. Budget for the quarter was E260,728 resulting in a positive variance of E159,004.

- Total revenue collected this quarter was E3.43m compared to E3.73m collected the previous quarter. The budget for the quarter was E3.78m, reflecting a negative variance of E353,387.

- Total expenditure amounted to E3.01m compared to E3.29m incurred the previous quarter. Budget for the quarter was E3.52m. Total expenses were below budget with a positive variance of E512,422. This was due to administration expenses which were below budget with a positive variance of E182,928, operating expenses were below budget with a variance of E275,511 and emoluments were below budget with a positive variance of E28,269.

Outlook

- To boost future milk production, the Board continued to work on the project of collecting milk from the local beef herd. Meetings were conducted in the regions to brief Animal Health Staff, Dip Tank Assistants and Dip Tank Committees on the project. These meetings will be continued in the next quarter.

- To expand the project of collecting milk from the local beef herd, the construction of another collection centre was started at Khuphuka and it is expected that the construction will be completed in the next quarter.

- Purchasing of one-point milking machines for farmers that have fully paid will be done in the next quarter.

- The Board was looking forward to training four (4) community artificial inseminators to mainly service the passing on of the gift groups, subject to the availability of funds, who shall service dairy cows in the communities and livestock owners who may want artificial insemination services. The artificial inseminators will work closely with the Swaziland Dairy Board officers who are qualified and experienced.

Financial Statements

	2011	**2011**	**2010**	**2010**
Income Statement	**June 30**	**Mar 31**	**Dec 31**	**Sept 30**
Turnover	3,428,218	3,734,613	4,366,628	3,210,301
Expenditure	3,008,455	3,285,417	3,495,861	3,090,233
Net Profit	**419,763**	**449,196**	**870,767**	**120,068**
Balance Sheet				
Fixed Assets	14,026,383	14,026,383	13,817,689	13,522,446
Investments	4,191,701	4,191,701	4,227,476	4,263,223
Current Assets	13,100,656	12,895,546	13,057,553	12,654,099
Current Liabilities	4,031,620	4,044,247	4,220,603	4,188,613
Net Current Assets	9,069,036	8,851,299	8,836,950	8,465,486
Total Employment of Capital	**27,287,120**	**27,069,383**	**26,882,115**	**26,251,155**
Retained Income	13,928,833	13,509,100	13,059,904	12,150,705
Dairy Development Fund	7,057,307	7,057,307	6,897,502	6,866,336
Office Block	6,152,460	6,340,957	6,695,395	7,175,176
Medium Term Lease Obligation	148,521	162,021	229,314	58,939
Total Capital Employed	**27,287,121**	**27,069,385**	**26,882,115**	**26,251,156**

PEU Comments

A Profit of E419,763 was realised this quarter compared to E449,196 the previous quarter. Although a slight decrease was observed when compared to the previous quarter, the Board performed above budget by 61%. Budget for the quarter was E260,728. This was mainly due to expenses performing below budget and other income was above budget.

To fulfil some of the Boards objectives, it is noted that the Board with the help of European Union wants to engage on a project known as the passing on of the gift. It is anticipated that the project will contribute to the alleviation of poverty and increase of milk production in the country. SDB must work with all relevant stakeholders to make sure that the project is a success.

Swaziland Dairy Board's liquidity position remained constant when compared to the previous quarter as it still stood at 1:1.2. The Board is in a position to pay its current liabilities but any major increase or decrease in the current liabilities and current assets respectively will put the Board in a bad position. The Board has to work around improving their liquidity position by closely monitoring their overhead costs, accounts receivables and probably review their profitability on the services they provide. Return on capital employed reflects that for every E1 employed the Board earns 4% which is less than the rate at which the Board borrows to finance its operations. The Board has to improve their profit margin by cutting down on their expenses.

NATIONAL MAIZE CORPORATION (NMC)

Parent Ministry: Ministry of Agriculture

NMC reported as follows for the quarter,

Operational Review

- The quantity of maize sold amounted to 5,113.41 metric tonnes. Worth noting is the fact that NMC traded for two months only, in April and May, as a result of the commencement of the selling of the Japanese maize (Food Aid Project KR2009) after compensation had been agreed between the Swaziland Government and NMC. Out of the 5,113.41 metric tonnes sold, 1,405.360 were in respect of sales of the Food Aid Project KR2009.

- Local maize intake amounted to 1184.0360 metric tonnes. An increase is anticipated in the receipts of local maize because of the maize marketing season where farmers are expected to sell their crop to NMC.

- A total of 4,089.428 metric tonnes of imported maize was received. Included in the imported tonnage is 2,231.959 metric tonnes in respect of the Japanese Food Aid maize.

- Maize sold was as follows:

Maize Sales (tonnes)

	April	May	June	Total
Bulk maize	520.440	983.020	461.620	965.08
70kg bags	274.610	286.790	350.700	912.100
50kg bags	519.250	1,107.950	588.550	2,215.750
25kg bags	6.720	9.270	4.490	25.410
Total	**1,321.020**	**2,387.030**	**1,405.360**	**5,113.41**

- In June 2011, NMC was trading on behalf of the Swaziland Government in respect of the donated Japanese maize, hence, the tonnage sold of 1,405.360 does not relate to NMC's sales.

- The selling price of maize was not adjusted. It remained at E2,340 per metric tonne. On the other hand, the price of rice fluctuates in line with the acquisition price of any new parcel.

- The Maize division made a loss because of the prevailing situation of free food distribution that has seen maize sales dwindling. Other factors are that the major customer of NMC is involved in a distribution contract and does not sell directly to NMC. Moreover, NMC is trading on behalf of the Japanese/ Swaziland Government KR2009 Project. Nevertheless, there was a notable improvement in the Rice Division as reflected by the improved gross margin.

- NMC's new organisational structure, which was reviewed by Ndallahwa and Company, has been completed and approved by the Board of Directors and has been forwarded to the Ministry of Agriculture and Cooperatives for endorsement.

- Three employees were sent on an Occupational Safety and Health course for two days at the Institute of Development Management in Matsapha.

- The sale of the donated Japanese maize has started. About 11,867 metric tonnes of maize was received from the Japanese Government as food aid donated to the Government of Swaziland. Proceeds of the maize will be deposited in the counterpart fund account. The sale of this maize will continue in the next three months.

Financial Situation

- NMC made a loss of E1.28m.

- Total revenue amounted to E9.59m. The low turnover is due to the fact that farmers have just finished shelling and have enough food.

- As a result of the food parcels that have been distributed by relief agencies, the cost of sales amounted to E8.30m.

- Total expenditure amounted to E10.86m.

- Maize sales amounted to E8.53m. The low turnover is due to the fact that one of our major clients won the tender to provide the maize/maize meal to one of the relief agencies.

- Operating expenses for the Maize division amounted to E2.36m.

- The income for Sihlobo Rice was E1.06m.

- Operating expenses for the Rice division amounted to E200,488.

- Trade receivables amounted to E6.12m.

- Salaries increases for NMC staff remained at zero % for 2011/12.

Outlook

- Very little maize was brought to sell to NMC by farmers even though this is the marketing season. An increase is expected in the next quarter, because satellite depots will start receiving maize with effect from 11th July 2011.

- NMC has started preparations for year round trading at all the Depots. This exercise will be finalised in the next quarter after which trading will commence, and the Depots will be fully operational, subject to availability of funds for this purpose.

Financial Statements

	2011 June 30	2011 March 31	2010 Dec 31	2010 Sept 30
Total Income	9,585,171	17,901,950	23,249,152	17,008,592
Total Expenditure	10,864,009	15,866,158	21,447,855	15,645,083
Operating Surplus/Loss	**-1,278,838**	**2,035,792**	**1,801,297**	**1,363,509**

Balance Sheet				
Non Current Assets	10,774,175	10,774,175	10,286,761	10,321,728
Current Assets	22,824,174	22,824,174	21,890,993	14,036,485
Current Liabilities	25,769,074	24,056,809	19,235,727	13,206,120
Net Current Assets	-2,944,900	-1,232,635	2,655,266	830,365
Total Employment of Capital	**7,829,275**	**9,541,540**	**12,942,027**	**11,152,093**
Share Capital	2,405,000	2,405,000	2,405,000	2,405,000
Grant : Plot 542 -land & Silos	6,438,088	6,469,115	6,601,998	6,617,512
: Maize Govt Grant	7,500,000	7,500,000	7,500,000	7,500,000
Retained Income	-6,797,480	-6,832,575	-3,564,971	-5,370,419
Total Capital Employed	**9,545,608**	**9,541,540**	**12,942,027**	**11,152,093**

PEU Comments

It is of concern that NMC will not be trading but will, instead, be selling about 12,000 metric tonnes of white maize on behalf of the Government of Swaziland in respect of the Japanese Food Aid Counterpart Fund (KR 2009). NMC sold 1405.360 tonnes of maize in respect of the KR 2009 maize project sales and had to trade for only two out of the three months in the quarter. A challenge will arise during the maize marketing season whereby NMC will be expected to buy a higher quantity of local maize from farmers in terms of storage facilities and cash-flow. The liquidity position of NMC is already being jeopardised as is evidenced by the increase in this quarter's figures whereby current liabilities exceed current assets by 11% (5% last quarter).

The storage facilities and liquidity need to be carefully addressed by the enterprise in order to be able to manage the problems.

SWAZILAND COTTON BOARD (SCB)

Parent Ministry: Ministry of Agriculture

The SCB reported as follows for the quarter,

Operational review

- The main activity was harvesting and marketing. Total seed cotton purchases up to the end of the reporting period stood at 1,818 tons valued at E8.39m. Seed cotton purchases peaked during May 2011, and thereafter started falling dramatically, indicating that the industry might not reach the volumes achieved last season.

- Cash resources for purchasing cotton were supplemented by an E2.5m financing facility provided by Swazi Bank through the Public Enterprise Loan Guarantee Facility.

- The incumbent Chief Executive Officer is due to retire at the end of March 2012 after serving prudently and diligently, and a succession plan needs to be put in place.

Financial Situation

- The Board's operations for the quarter closed with a big deficit of E6.46m compared to E839, 065 last quarter. This situation is as a result of big seed cotton purchases made and paid for during the quarter, with most of the cotton being held in stock pending its ginning. There are reasonable stocks of lint and fuzzy seed in the process of being sold. The financial situation will improve greatly in the coming quarter.

- Total expenses for the quarter amounted to E9.91m up from E1.2m last quarter most of which went to cotton seed purchases. Expenses under the General Fund fell slightly from E384, 269 to E355, 123.

Outlook

- The Board has made an approach to Government requesting to utilise the Government farm at Buseleni for growing cotton under irrigation. If this request is successful, close to 500 tons of cotton can be harvested, which would be a sizeable contribution to the ginnery's through-put.

Financial Statements

	2011	**2011**	**2010**	**2010**
Income Statement	**June 30**	**March 31**	**Dec. 31**	**Sept. 30**
Income	3,448,122	333,514	4,125,257	7,879,641
Expenditure	9,915,573	1,172,579	1,154,999	4,428,039
Operating Profit/Loss	**-6,467,451**	**-839,065**	**2,970,258**	**3,451,602**
Balance Sheet				
Fixed Assets	2,062,288	2,446,369	2,427,044	2,422,769
Investments	0	(94,631)	(94,631)	(94,631)
Current Assets	3,804,455	9,123,978	10,531,678	7,076,442
Current Liabilities	273,228	659,078	681,134	459,582
Net Current Assets	3,531,227	8,464,900	9,850,544	6,616,860
Employment of Capital	**5,593,515**	**10,816,638**	**12,182,957**	**8,944,998**
Contributed Surplus	10,392,482	9,917,474	10,456,859	10,478,206
Retained Income	-4,798,967	899,164	1,726,098	-1,533,208
Capital Employed	**5,593,515**	**10,816,638**	**12,182,957**	**8,944,998**

PEU Comments

The Cotton Board continued to enjoy a very healthy current ratio at 13.9:1 during the quarter compared to an almost similar ratio at 13.8:1 for last quarter. This is explained by the fact that there was a decrease in current assets E9.1m to E3.80m in the quarter due to mainly the huge purchase of cotton seed. The Board made an operational loss of –E6.46m compared to E839, 065 loss last quarter and a huge profit of E2.87m in the quarter of December 2010, indicating the cyclical nature of the cotton industry, with reference in particular the purchasing in readiness to the ginning process.

The SCB should develop a strategic plan as to how it is going to run and finance its two businesses. SCB has to make efforts to get the 1,000 ha through the Buseleni Government farm that will assist in the proposed joint venture with IDC and a strategic partner needs. It is hoped that the new interest shown by the investor from Zimbabwe who is interested in commercial cotton farming under irrigation may hopefully fit this requirement by IDC. This proposal would eliminate the current cash flow problems that the ginnery is experiencing with regard to cotton purchasing. The ginnery is currently operating under-capacity due to insufficient cotton production.

NATIONAL AGRICULTURAL MARKETING (NAMBOARD)

Parent Ministry: Ministry of Agriculture

The NAMBOARD reported as follows for the quarter,

Operational review

- The quarter under review marked the start of the winter season which is often characterized by increased production of both conventional and baby vegetables in the country. The influence is usually influenced by a shift in the production behaviour of small holder farmers as field crops would be harvested i.e. labour distribution complimented by decreased vegetables pests and disease infestation during this period.

- A total of 274 farm visits were carried out during the reporting period and the target was contracted and non contracted farmers. Areas of focus included production planning (planting programmes and crop management), signing of production contracts and field monitoring progress.

- There were 145 walk-in farmers for information on production of vegetables, programming and signing of contracts. Other farmers came to NAMBoard for information and advise on inputs they required for their production and they also visited the on-site demonstration plots.

- A total of 20 consultative and training meetings were held to build an effective and efficient team of vegetable producers, to promote and stimulate the participation of farmers in the production of vegetables in the country.

- Other activities including 4 seminars were held at Siteki, Mpuluzi/Lundzi, Mahlangatsha and Mhlatane on the production of vegetables for the market. There were also 4 two day training workshops conducted on basic vegetable production, fruit tree management, soil sampling and lime application at Sandleni, Ngudzeni, Lavumisa and Kaphunga.

- There were 15 on-site demonstrations that were conducted to promote baby and conventional vegetable production, to also empower farmers with technical skills that enable a farmer to produce quality produce for the market. They also demonstrated and set up production sites to be in line with Global Good Agricultural Practices.

- A total of 104 farmers were programmed to produce for the Encabeni Market and the area under production was estimated to be 93 hectares. However some of the contracted farmers could not plant on time due to very low temperatures which affected growth of seedlings and non availability of seedlings from the nurseries.

- The on-going campaign by the Board and Ministry of Agriculture on growing vegetables for the new markets stimulated some interest from farmers to increase their production areas.

- There were 13 radio programmes produced. The Swaziland Broadcasting and Information Services had introduced new time schedule for the programs i.e. every Friday at 1615 hrs for fifteen minutes.

- Encabeni market was able to receive and sell cabbages, beetroot, tomatoes, green pepper, carrots, butternuts and banana from local small scale farmers. The Board also traded in baby vegetables that included baby corn, baby cauliflower, baby marrow, green beans, sugar snap peas, mangetout peas and yellow patty pans.

- There was insufficient supply of fast moving commodities such as potatoes, beetroot, carrots and onions thus the organization was compelled to supplement local production by sourcing predominantly from South Africa.

- The Board participated in a community business development program in the Shiselweni region organized by SWADE and was given a platform to address the community on agri business opportunities.

- The inspectorate department carried out 340 inspections at the various border entry points to ensure compliance and quality control on all imported scheduled agricultural products.

Financial Situation

- NAMBoard made a surplus of E540,868 compared to E536,539 last quarter.

- Turnover generated from collection of levies, sale of scheduled agricultural products and permits amounted to E3.26m compared to E4.34m. Total expenditure incurred amounted to E4.37m compared to E4.69m last quarter.

Outlook

- NAMBoard intends to stimulate local production through anchor contract farming and continue employing costs cutting initiatives across the organization as well as trying to improve the organization's revenue.

Financial Statements

	2011	2011	2010	2010
Income Statement	**June 30**	**Mar 31**	**Dec 31**	**Sept 30**
Sales	4,028,396	2,177,480	1,801,573	1,831,756
Cost of Sales	2,756,363	1,852,386	1,514,517	1,699,804
Gross profit	1,272,033	507,212	287,056	131,952
Income from levies	3,257,112	4,344,710	3,785,645	2,801,967
Other Income	384,974	370,713	469,626	466,095
Expenditure	4,373,254	4,686,096	3,049,279	4,046,803
Operating Profit	**540,866**	**536,539**	**1,493,0048**	**-507,189**
Fixed Assets	6,514,236	6,669,406	6,806,091	6,983,182
Investments	9,024,913	10,375,458	10,689,201	11,242,453
Current Assets	4,359,743	2,522,387	3,056,906	2,470,198
Current Liabilities	2,534,875	2,019,150	791,767	2,031,911
Net Current Assets	1,824,868	503,237	2,265,139	438,287
Total Employment of Capital	**17,364,017**	**17,548,101**	**19,760,431**	**18,663,922**
Retained Earnings	14,375,174	14,384,832	16,453,633	14,925,850
Revaluation Reserves	1,480,364	1,480,364	1,480,364	1,480,364
Long term loans	1,508,479	1,682,906	1,826,434	2,257,708

Total Capital Employed	**17,364,017**	**17,548,101**	**19,760,431**	**18,663,922**

PEU Comments

There was a slight increase in the board's performance as a profit of E536,539 was attained compared to E540,866 last quarter. There had been a decline in the amount of total expenditure and it stood at E4.37m compared to E4.69m the previous quarter. It is very critical that expenditure is controlled within the organization so to maximise their profits.

Processing of vegetables and some fruits is a priority in as far as maximization of return by the organization is concerned.

The supply of enough local produce to Encabeni Market is still a challenge and the Board is compelled to supplement local production by sourcing from South Africa. It is therefore important for the Board to continue with its extension services to develop small scale farmers in the country and encouraging them to supply the national market with local produce with the required volumes and good quality.

SWAZILAND WATER AND AGRICULTURAL DEVELOPMENT ENTERPRISE (SWADE)

Parent Ministry: Ministry of Agriculture

SWADE reported as follows for the quarter,

Operational Review

- A total of 222 hectares has been planted to sugarcane at Ingcayizivele Farmers Association (FA).
- Bush clearing was completed in all four associations namely, Vukutimele (54ha), Nhlambane (86ha), Ndinda (60ha) and Singeni (48ha).
- Irrigation installation was at 70% at Vukutimele, 80% at Nhlambane and 30% at Singeni. Installation of a centre pivot at Ndinda was at 90% and infield irrigation installation was at 80%.
- The mobilisation of finance is still in progress for the expansion of Mabhudvu 20ha and Sinqoba Njalo 13ha.
- Calamuva FA, at Madlagampisi, is now a registered entity ready for evaluation by the European Union. The Association has finished their business plan and have applied for a quota and water permit. However, a small group of 3 members, out of 104 members, have protested the name change.
- Harvesting of sugar cane started in April, 2011. Sucrose levels average 13.64% while tonnes cane per hectare(tch) average 112tch. Farmers started harvesting as harvesting groups to maximise on economies of scale.
- Land preparation at Incalisakuvela and Emandletfu Abuyile is at 90% and irrigation installation of main line and laterals at 100%. The contractors were stopped from further development due to shortage of funds.
- Operation loans for Incalisakuvela and Emandletfu Abuyile have been approved by FINCORP. Mobilisation is ongoing for new areas for other crops and these include Mafucula, Mpofu, Vuka Sidwashini and Umhelo Wabomake Farmers Associations.
- Harvesting of gooseberry is ongoing and farmers are harvesting 100kg/week, of which 70kg is grade A. It is sold to Sdemane Company, which is based in Piggs Peak (Hawane) at E22.60/kg.
- Harvesting of baby corn in 15ha has started and is marketed through Sdemane Company at E17.00/kg. The estimated yield is 2 tonnes per hectare.
- A total of 20ha of dry maize is being harvested at Phakama Mafucula and is expected to be at 5 tonnes per hectare.
- Marketing of tomatoes from Manzimyama has started and the farmers are harvesting about 30 crates of 20kg each per week supplying NAMboard.
- The nurseries in the Project Development Area (PDA) have produced 250,000 seedlings to supply farmers in the PDA in the past two months.
- 6 farmers associations have been mobilised for fishery production namely Buhle Besive, Sivukile,

Umhelo, Vuka Sidwashini, Ingcayizivela and Mpofu farmers associations.

- Construction of the Tertiary Distribution System Phase 1B is now 99% complete, consisting of 66 balancing dams. Eight of the balancing dams located inside the existing schemes could not be commissioned as this coincided with the harvesting season and the dam seepage was interfering with the harvesting operations.

- A Chiefdom Development Plan for the Mamba Chiefdom was successfully launched in June, 2011.

- The Chiefdom Plan for the Shongwe chiefdom is near completion and will be launched in July, 2011.

- A total of 380.4ha have been developed bringing the total hectors planted under sugar cane to 2063.1ha.

- The development of a further 231ha planned was delayed by the installation of pumps which could not be supplied on time.

- Autumn planting of sugar cane schemes has been postponed to the spring season which commences in July.

- A total of 100ha (12840 tonnes) of sugar cane was harvested against a planned 407.5ha. The actual sucrose content is 13% at par with the current industry standards.

- Business plans covering a total of 52ha for home gardens have been submitted to Standard Bank, being the only financier willing to finance the planting of commercial crops.

- 28.8ha are already waiting to be commissioned and handed over to the farmers for the development of commercial home gardens.

- The construction of a portable water scheme to supply 606 homesteads for Madlenya community is at 99% completion. Completion was delayed by lack of funds to pay contractors due to the ongoing cashflow situation that government is experiencing.

- The construction of the Shongwe portable water to supply 254 homesteads is at 28% and currently on hold due to lack of funds. The concerned contractor demobilised and moved out of the site.

- The design of a portable water supply scheme for 1107 homesteads under the Ngcamphalala Chiefdom has been accepted by DWA/RWSB but could not go to tender due to lack of funds to pay other contractors on site for work done under the LUSIP project.

- 114 VIP units were constructed against a plan of 380 units. This brings the total number of completed VIP units in the project area to 1304. They are constructed in Madlenya, Shongwe and Ngcamphalala Chiefdoms. It is expected that all 2600 homesteads in the project will have access to proper sanitation facilities by the end of the project period.

Financial Situation

- An operating income of E27,722 was realised.

- Expenses amounted to E3.25m.

Outlook

- Planting will start in July and will be completed in September, 2011 for all the Farmers Associations.

- Nkambeni Water Scheme, which has 1000 homesteads, is being commissioned. The Scheme will be used by communities as from July, 2011. This will increase the number of homesteads with clean drinking water to 3262 homesteads which translates to approximately 22,834 people with access to clean drinking water in the Project Area.

Financial Statements

	2011	2011	2010	2010
Income Statement	**June 30**	**March 31**	**Dec 31**	**Sept 30**
Income and Subvention	3,278,594	4,781,328	4,694,416	4,637,117
Expenditure	3,250,872	4,781,328	4,676,810	4,275,769
Operating Profit/Loss	**27,722**	**18,159**	**17,606**	**361,348**
Balance Sheet				
Fixed Assets	6,523,405	5,609,002	5,408,989	5,758,815
Capital Projects expenditure	11,957,400	250,014,584	215,516,514	95,008,769
Current Assets	37,601,565	24,043,661	53,340,928	63,493,705
Current Liabilities	14,383,133	5,104,441	6,490,527	9,767,652
Net Current Assets/Liabilities	23,218,432	18,939,220	46,850,401	53,726,053
Total Employment of Capital	**41,699,237**	**274,562,804**	**267,775,904**	**154,493,637**
Share Capital	2	2	2	2
Government Grant	29,525,357	241,654,346	238,386,319	140,029,748
EU Grant	-	7,991,068	7,991,068	-
IFAD Grant	4,821,670	6,386,253	3,760,169	3,760,169
BADEA Grant	-	-	-	-
EIB Grant	-	-	-	-
ADB	-	10,502,553	9,627,921	3,116,164
DBSA Grant	-	-	-	-
Retained Income	7,352,208	8,028,584	8,010,425	7,587,554
ICDF Grant	-	-	-	-
Total Capital Employed	**41,699,235**	**274,562,804**	**267,775,904**	**154,493,637**

PEU Comments

SWADE is a parastatal that is heavily dependent on government subvention as the other source of income contributes only a very small percentage to total revenue. 99% of SWADE's income is from the subvention it receives from government. There seems to be a lot of duplication of activities without a clear mandate at SWADE, thus, the need to clearly define the mandate or scrutinise the very existence of SWADE as a fully fledged parastatal.

ROYAL SWAZI NATIONAL AIRWAYS CORPORATION (RSNAC)

Parent Ministry: Ministry of Public Works and Transport

The RSNAC reported as follows for the quarter,

Operational Review

- Ticket sales for the quarter were 34% more than budget at E7.51m and fuel sales of 59% more than budget at E713, 979, reflecting healthy growth activity levels for the main sources of revenue for the Corporation. As much as RSNAC appreciates business from Government, however, there continues to be delays in payments going over 90 days. This situation affects the liquidity position of the Corporation.

- The trading environment at present is unfavourable for RSNAC, and decisions have been made to cut business travel forecasts in both Government and the Private Sector. As such, the expectations are that the volumes of ticket sales will decline in the short to medium term resulting in revenues not growing to desirable levels.

Financial Situation

- The quarter ending June 2011 has in general been good in that the budget shows an anticipated loss of just over half a million.

- Total costs were 12% less than the budget, which demonstrates the objective to reduce and guard spending in all areas of the Corporation. Staff costs which are usually the highest element of costs were 18% less than budget. Management continues to monitor expenditure with the aim of reducing costs.

Outlook

- The Swaziland Government requested the RSNAC to transfer US$1.40m to Dafin Asset Finance Limited for the acquisition of a national asset. The RSNAC is still hopeful that these funds will be repaid to it.

Financial Statements

	2011	**2011**	**2010**	**2010**
Income Statement	**June 30**	**March 31**	**Dec 31**	**Sept 30**
Income	1,297,267	752,547	845,296	1,083,150
Expenditure	1,290,695	1,637,743	1,933,825	1,561,332
Operating Profit	**6,571**	**-885,195**	**-1,088,529**	**-478,182**
Balance Sheet				
Fixed Assets	478,705	478,705	478,705	1,023,091
Investments		0	0	11,745
Inventory	0	2,702,653	622,200	1,064,772
Current Assets	59,660,145	53,807,224	65,764,595	84,495,210
Current Liabilities	16,956,866	13,813,169	23,922,083	10,957,292
Net Current Assets	42,703,279	39,994,055	41,842,512	73,537,918
Total Employment of Capital	**43,181,986**	**43,175,414**	**42,943,418**	**75,637,526**
Long Term Loan	100,466,998	100,466,998	100,466,998	100,466,998
Retained Income	-58,785,012	-58,791,584	-59,023,581	-26,329,472
Share Capital	1,500,000	1,500,000	1,500,000	1,500,000
Total Capital Employed	**43,181,986**	**43,175,414**	**42,943,417**	**75,637,526**

PEU Comments

The current ratio remains strong at 3.51:1 compared to last quarter which was at 3.84:1, but much weaker than that obtained during the September 2010 quarter at 7.71:1. The loss of business from Government hit the operations of the RSNAC dismally, with a stated 51% decrease in revenue. The company has been posting operational losses since last September. RSNAC posted a positive surplus of E6, 571 this quarter, indicating that things will probably be better in the future. There is however, a glimmer of hope that things will temporarily be better with the restoration by Government of the tender award in November 2010 to RSNAC to sell air tickets to ministries again. There is still a serious glaring need to have a strong management structure in place that would have a substantive Chief Executive Officer, if this entity is to continue to operate effectively.

The current state of the RSNAC inactivity without a substantive management cannot be sustained for very long. A decision has to be made soon so that the corporation could develop a strategic plan that will curb the losses and make the entity profitable again.

SWAZILAND RAILWAYS (SR)

Parent Ministry: Ministry of Public Works & Transport

SR reported as follows for the quarter,

Operational Review

- A total of 1,395,167 tonnes of cargo was transported in the 1st quarter ended 30th June 2011. Performance was above budget by 371,828 tonnes or 36%. Revenue earned amounted to E37.76m and was also above budget by E6.19 m or by 19%.

- Imports amounting to 38,630 tonnes were transported compared to a budget figure of 46,991 tonnes. This was which is below budget by (8,361) tonnes or 18%. Revenue earned amounted to E4.48 m compared to budgeted revenue of E5.74 m, which is below budget by –E1.25m or-22%. This performance, which is below budget, is attributed to low volumes of all the commodities save for wheat which exceeded the budget by 2,040 tonnes or 83%.

- 65,669 tonnes of exports were transported this quarter compared to a budget of 72,646 tonnes, below budget by (6.977) tonnes or 10%. Revenue earned reached E5.48 m when compared to a budget figure of E5.37 m, down by E115, 000 or 2%. Sugar was above budget by E778, 000 in money terms. Coal also exceeded the budget by E27, 000 or 8%. The low volumes of timber were caused by the closure of the Richards Bay chipping plant due to the very low demand in the World Markets.

- 1,290,868 tonnes of Transit traffic were transported this quarter compared to 903,702 budgeted tonnages, above by 387,166 tonnes or 43%. Revenue earned amounted to E27.17 m against a budgeted amount of E27.90 m, above budget by E7.56 m or 37%. Rock phosphate performed well above budget by 28% or 123,793 tonnes, Magnetite also performed above budget by 74% or 273,670 tonnes and Copper from Phalaborwa and Containers going to the ports performed above budget by 75%. Other transit revenue streams underperformed the budget. As can be seen transit traffic was very strong this quarter, if tempo is maintained and market demand remains positive it highly likely that the annual budget will be achieved.

- Rock phosphate and Magnetite contributed 91% in revenue earnings and 94% by volume. When these two commodities perform well the entity gains substantially but when the opposite happens the reverse is true, therefore, SR is vulnerable should anything catastrophic affect the movement of these traffic. Discussions with Transnet are on-going to mitigate this risk by attempting to re-introduce mixed trains in the pool that have multiplicity of sources and destinations within the corridor.

- The container business was adversely affected by the clamp down by the Swaziland Revenue Authority (SRA) which insisted on importers to comply with the law and ensure honest declarations reflecting the true value of imported goods and pay the due sales tax and duties. Imported second hand cars were affected the most yet they had become major contributor to SR revenue. There is hope of recovery if SRA and grey importers reach agreements on the payment of tax arrears. The impounding of the goods at the ICD by Swaziland Revenue Authority (SRA) is creating a lot of storage at the ICD which the importers cannot afford to pay.

- There were no major accidents this quarter as a result train service was not disrupted in any way. Vigilance on the management of fatigue continued in order to reduce accident risk due to the human factor. Maintenance of the track continued in order to ensure that its condition does not contribute to accidents.

- Efforts are made to ensure that workers are suitably accommodated and sharing is kept to a minimal. Mpaka Village continues to have the highest proportion of employees mainly in the Operations Sections, followed by Sidvokodvo, the balance of the houses have been leased the Royal Swaziland Police Service and His Majesty's' Correctional Services.

Financial situation

- The entity recorded a surplus of E4.86 m for the first quarter ended 30th June 2011 compared to a budget loss of –E1.304 m or 473% more than budget. The positive performance was mainly attributed to higher than budget transit revenue and low operating expenses because of vigorous monitoring and control of hired wagons and locomotives. Other revenue streams were all below budget. Fixed costs at E34.98 m were also below budget of E35.91 m by E0.929 m or 2.59%.

Outlook

- 1,277,913 tonnes of cargo is expected to be railed in the 2nd quarter of 2011/12 Financial Year and expected to yield E40.67 m in revenue. The new fleet of class 39 locomotives is projected to haul in excess of a million tonnes again in the next quarter.

- The vigilance that contributes to accident proneness will continue so that accidents are reduced. Staffing levels will be monitored, and where there are shortages, there should be quick replacements so that the workers are not overworked and fatigue is managed down.

Financial Statements

Income Statement	**2011 June 30**	**2011 March 31**	**2010 Dec 31**	**2010 Sept. 30**
Turnover	39,854,000	36,581,000	35,451,000	40,174,000
Expenditure	34,986,000	27,916,000	36,283,000	32,927,000
Profit/Loss	**4,868,000**	**8,665,000**	**-832,000**	**7,247,000**
Balance Sheet				
Fixed Assets	257,250,000	253,550,000	246,067,000	248,926,000
Investments	11,736,000	11,736,000	11,736,000	1,736,000
Current Assets	60,328,000	53,588,000	55,234,000	60,516,000
Current Liabilities	65,388,000	54,113,000	55,257,000	51,664,000
Net Current Assets	-5,060,000	-525,000	-23,000	8,852,000
Employment of Capital	**263,926,000**	**264,761,000**	**257,780,000**	**259,514,000**
Equity	61,049,000	61,049,000	61,049,000	61,049,000
Reserves	133,100,000	131,848,000	131,848,000	131,848,000
Retained Earnings	68,599,000	69,825,000	61,160,000	61,992,000
Long term loans	1,178,000	2,039,000	3,723,000	4,625,000
Total Capital Employed	**263,926,000**	**264,761,000**	**257,780,000**	**259,514,000**

PEU Comments
The SR made a profit of E4.87m this quarter compared to a profit of E8.86m last quarter. The current ratio remains positive at 0.92:1 this quarter compared to 0.99:1 last quarter, indicating that there was some liquidity problem. There were no accidents in the quarter, and the entity is encouraged to keep the measures that they adopted to avoid more accidents. The gearing ratio (interest bearing debt/equity) was 0.4% i.e. (1.17m/262.74m) this quarter compared to 2.4% last year at the same time, due to further servicing of SR debt/loans. E4.27m was spent on the repayment of loans over the past year.

The SR should continue with its vigilance on cost containment and accident prevention measures.

SWAZILAND CIVIL AVIATION AUTHORITY (SWACAA)

Parent Ministry: Ministry of Public Works and Transport

The SWACAA reported as follows for the quarter,

Operational review

- Government injected an amount of E6.0m for licensing as well as marketing of Sikhuphe International Airport and training of core civil aviation personnel. This amount was a carry-over from the 2010/11 budget allocation.

- An amount of E725, 000 was used for the rehabilitation of the dilapidated aerodrome infrastructure at Matsapha airport including the fire station as well as the repairs of motor vehicles. The cost also included implementation of AVSEC programmes.

- Staff compliment increased significantly to 107 with the absorption of the 40 new Fire and Rescue personnel who were previously trainees at Rural Metro in RSA. This is part of the operational readiness for the opening of Sikhuphe International Airport. Staff also increased at Head office with the coming on stream of Legal Officer, Accounts Officer and Procurement Officer. As a result of these staff increases personnel costs stood at E4.50m for the quarter.

- Progress payment was made to the consultant engaged in the Airspace design, drawing of Instrument Procedures for pilots as well as licensing of Sikhuphe. The amount paid was E300, 000 excluding withholding taxes.

- An Aircraft registration and licensing system was acquired from the USA at a cost of E1.4 million. An initial amount of E800, 000 was paid to install the software. This system will be utilised by the Inspectorate department for purposes of maintaining an aircraft register and licensing of aviation personnel as required by the International Civil Aviation Organisation (ICAO) for which Swaziland is a member state.

- **Transfer of all assets at Matsapha Airport to SWACCA** - An inventory of all assets at the airport has been compiled by the Committee tasked with this assignment. A list of all immovable as well as movable assets has been compiled including assets in the surrounding areas some located in private land not owned by Government. Inventory in the Nhlangano airstrip has also been taken.

- A final report has been handed over to the Principal Secretary (MPW&T) by the Committee for review and adoption.

- The assets in the report had not been evaluated and the Ministry of Natural Resources and Energy will now evaluate the assets.

- In 2007 Swaziland underwent an ICAO Safety Oversight Audit. The country performed dismally on the said audit and was subsequently placed under the ICAO Audit Result Review Board (ARRB).The outcome of the audit also led to the EU ban where all Swazi registered aircraft were banned from flying over the European airspace. As a result Swaziland Government drafted a new aviation policy and promulgated a new Civil Aviation Act which established the autonomous SWACAA.

- The Authority has since coming into being embarked on the task of implementing Corrective Action in light of the findings of the 2007 ICAO Audit. The Corrective Action taken by SWACAA followed the building blocks of the Critical Elements of the Safety Oversight including the components of the State Safety Programme and at the same time addressing the deficiencies identified at Matsapha Airport.

- **Durban Indaba** - SWACAA attended an exhibition show in Durban where SWACAA benefited on the optimal media coverage and this created a huge interest for Sikhuphe International Airport. One low cost airline showed a keen interest in the new airport. The adverts placed in Sawubona flight magazine generated interest from airline operators during the meeting.

- Routes Africa – SWACAA attended this conference in Mali, Bamako, the objective being to meet different airlines, airport and tourism authorities. This is the place to find out about air services, new market developments and upcoming destinations and it is an opportunity to provide airports as well as airlines with unrivalled business development opportunities.

  Leads generated by the conference included the following:

  - A follow up meeting with Ethiopia airlines
  - Bilateral Air Service Agreement (BASA) with Namibia Airport Company.
  - BASA discussions with Mozambique
  - Follow up discussion with Etihad airways
  - Airlines here voted for Sikhuphe to be shortlisted in current years Routes Airport Marketing Awards – Regional Heats – Africa.

- **Bilateral Air Service Agreements(BASA)**

  - A BASA between the Kingdom of Swaziland and the State of Qatar was discussed and initialled in June 2011.
  - An MOU on air services between the Kingdom of Swaziland and the State of Qatar was signed in June 2011.
  - SWACAA was engaged with five potential airlines to operate at Sikhuphe and one of them Easy Fly from Zimbabwe showed a strong interest to partner with Royal Swazi and operate from Sikhuphe.

Financial Situation

- Total revenue collected at Matsapha airport amounted to E614, 782 during the quarter; this included an amount of E325, 620 which was paid by the airline on account of rent arrears dating back to 2008 and landing fees. SWACAA has appointed a property consultant to facilitate the commercialisation of the tenancy at Matsapha International Airport in order to optimise revenue collection.
- Government approved E80.0m for recurrent expenditure for SWACAA for the 2011/12 financial year. Since a large proportion of the staff compliment that is to be absorbed into SWACAA is still with the former DCA in Matsapha airport only E40.0m has been allocated to SWACAA for the year under review and the balance of the E40 million is with the Ministry of Public Works and Transport. Due to the cash flow challenges faced by Government only E4.0m was received by the entity during the quarter under review instead of the E10.0m that should have been received as quarterly subvention.

- The Board approved an overdraft facility with the bank amounting to E3.4m with the support of the ministry of finance to assist in times of cash flow crisis.

- Total expenditure for the quarter amounted to E8.30m compared to E11.46m last quarter. An amount of E1.5m was utilised for training of 28 aviation personnel in the following disciplines:

    - Inspectorate
    - Airspace management planning
    - Engineering
    - Aviation law
    - Cargo and bomb disposal
    - Aerodrome

Outlook

- APMS Consultants has carried out extensive work in designing the airspace, developing instrument procedures and towards licensing of the new airport. A comprehensive Risk Register was developed by the consultant, which also included risk areas associated with the take-on of the new airport by SWACAA. A proposal was made by the consultant to SWACAA working in conjunction with PMU to take over Sikhuphe in a phased approach. The phases to be determined by the completed units of the airport handed over to SWACAA by PMU at each phase. The Transitional Plan for the take - over of Sikhuphe is as follows:

    Phase 0 - Common Services
    Phase 1 - ATM Systems, Airport Security and Landside Ops
    Phase 2 - Airport Building, Mgt & Facilities, Fire & Evac.
    Phase 3 - Departing /Arrival Pax & Bags, Airside Ops
    Phase 4 - Retail/offices/Cargo Operations

- Time frames for the actual take -over of these facilities will depend on the time these are handed over to SWACAA by PMU. A total staff compliment of 168 will be required to man all the phases of the new airport. These staff numbers will need to be recruited and trained in the various disciplines by SWACAA prior to commencement of these phases.

Financial Statements

	2011	**2011**	**2010**	**2010**
Income Statement	**June 30**	**March 31**	**Dec 31**	**Sept 30**
Income/Subvention	8,882,892	9,179,662	8,898,491	6,671,668
Expenditure	8,268,110	8,870,795	8,818,206	6,462,255
Operating Profit/Loss	**614,782**	**308,867**	**80,285**	**209,413**
Balance Sheet				
Fixed Assets	15,640,257	16,018,834	11,078,974	9,937,152
Investments	0	0	0	0
Current Assets	3,706,977	2,637,208	9,816,656	14,318,437
Current Liabilities	400,439	32,919	0	3,389,052
Net Current Assets	3,306,538	2,604,289	9,816,656	10,929,385
Employment of Capital	**19,347,234**	**18,623,123**	**20,895,630**	**20,866,538**

Contributed Surplus	16,326,067	17,697,606	20,602,063	20,588,099
Retained Income	2,985,167	925,517	293,567	278,439
Capital Employed	**19,347,234**	**18,623,122**	**20,895,630**	**20,866,538**

PEU Comments

The fact that construction of Sikhuphe International Airport is nearing completion and SWACAA is already preparing for the licensing of the airport, operation is expected in the near future. The intensive training within the organization is encouraged so that when operations begin, everyone will be ready in all the various disciplines. The development of a strategic plan at this early juncture augurs well for the organization, because all the employees will have a single focussed sense of purpose. We are also encouraged by the five potential airline companies that have been engaged to operate at Sikhuphe Airport.

On the financial front, we note that there was an operational surplus of E614, 782 compared to E308, 867 in the last quarter. SWACCA has its own internally generated income of E527, 161 and was E290, 104 last quarter through rentals, interest and other income. It is noted that there was a current ratio of 9.25:1 this quarter and was 114.6:1 last quarter. Like all parastatals on subventions, the SWACCA has been affected by the Government's fiscal situation, emanating in delayed subventions for operations.

SWAZILAND NATIONAL PROVIDENT FUND (SNPF

Parent Ministry: Ministry of Finance

SNPF reported as follows for the quarter,

Operational Review

- The Fund continued to deliver favourable results.

- The representative who was seconded by ILO to assist in the conversion process delivered the proposed options which the conversion process may take. The proposed options were debated by the Fund, ILO, Swaziland Government, Employer Federations, Employee Federations and the Fund's Actuaries. These resulted in the production and agreement on the amended plan and timelines for rolling out the conversion process.

- Management is still awaiting the related Government Gazette and protocols to implement the Member's Funeral Scheme benefit.

- The Fund through their appointed quantity surveyor received tenders for the building project of Manzini Parkade from interested contractors. The quantity surveyor is expected to finish analyzing the tenders and report to the projects committee next quarter.

- The fund started its fourth house building project at Siteki Ka-Langa and is expected to be completed in the next quarter. The project is in line with the Fun's order Number 23 of 1974 which allows support to The Old Aged People and Disabled People.

- Benefits paid to members amounted E13.77m compared E26.78m last quarter.

- Contributions received from employers amounted to E32.56m compared to E34.8m last quarter. Penalties received during the quarter amounted to E176,000 compared to E151,000 last quarter.

Financial Situation

- There was an operating surplus of E27.78m before members' interest of E21.44m compared to a profit of E35.59m before members' interest of E21.87m.

- Total income was E20.58m compared to E41.17m last quarter. The budget for the quarter was E43.69m.

- Total expenditure amounted to E13.2m compared to E13.9m last quarter. This was against a budget of E16.62m.

- Net loss was E13.7 compared to a surplus of E6.34m last quarter. The budget for the quarter was E27.07m.

Outlook

The Fund is on the process of converting from Provident Fund to a Pension Scheme. Projects on the pipeline were the Manzini and Mbabane Parkades which will provide more parking spaces for Dlanubeka and Estel House buildings.

Financial Statements

Income Statement	2011 June 30	2011 Mar 31	2010 Dec 31	2010 Sept 30
Income	20,878,591	41,170,717	48,182,276	78,880,424
Expenditure	13,170,975	13,385,781	15,596,662	13,094,277
Operating profit	**7,707,616**	**27,784,936**	**35,585,614**	**65,786,147**
Member's Interest	21,442,287	21,442,330	21,187,343	20,928,225
Net profit/Loss	**-13,734,671**	**6,342,606**	**11,398,271**	**44,857,922**
Balance Sheet				
Fixed Assets	69,304,315	81,173,254	73,963,236	73,552,372
Investments Properties	266,713,351	266,008,946	263,987,816	262,067,286
Investments	1,340,376,521	1,318,256,108	1,291,608,879	1,244,870,675
Loans and advances	31,214,743	29,076,399	28,440,372	30,603,276
Current Assets	18,083,881	10,586,525	13,913,642	10,217,695
Current Liabilities	13,149,064	12,207,312	10,714,980	14,986,963
Net Current Assets	4,934,817	-1,620,787	3,198,662	-4,769,268
Total Employment of Capital	**1,712,543,747**	**1,692,893,920**	**1,661,198,965**	**1,606,324,341**
Non-Distributable Reserve	44,598,600	44,598,600	44,598,600	44,598,600
Contributed & members' int.	1,519,427,146	1,478,399,049	1,450,073,229	1,408,665,357
Reserves	10,404,617	10,030,547	10,541,099	10,289,774
Accumulated Surplus/Deficit	138,113,384	159,865,725	155,986,037	142,770,610
Total Capital Employed	**1,712,543,747**	**1,692,893,920**	**1,661,198,965**	**1,606,324,341**

PEU Comments

SNPF made a net loss of E13.7m after payment of the members' interest compared to a profit of E6.34m last quarter. The decline in the profits is attributed to the decline in investment income which was caused by the unstable market conditions.

The Fund's conversion into pension scheme is much awaited as it will go a long way in ensuring that an improved package is given to pensioners. The Fund continues to comply with the Register of Insurance and Retirement Funds requirements on local investment.

SWAZI BANK (SDSB)

Parent Ministry: Ministry of Finance

SDSB reported as follows for the quarter,

Operational Review

- Profit amounted to E10.64m compared to E15.95m the previous quarter. This was 8% above the same period last year. The growth from prior year was due to a 10% growth in the balance sheet and had been driven by the 16% growth in customer deposits.

- Interest income was E29.78m which was 7% below budget but was compensated by a 31% favourable variance in investment income.

- Performing loans and advances were E85m below budget. The Bank was managing its lending portfolio tightly given the economic down turn. Hence the unutilized funds had been invested in other income yielding instruments to generate investment income.

- Interest expense amounted to E12.28m which was E719,000 lower than the budget. The savings were due to careful pricing of deposits in order to reduce the cost of funds. The Bank continued to price wholesale deposits competitively and rates were duly reviewed at deposit maturity.

- Fees and commissions were E20.23m and were transactional volume driven. The slow down in the country's economic activity adversely impacted on fees and commissions.

- Investment income amounted to E6.01m which was E1.43m below budget and E2.01m above same period last year. The favourable investment income was driven by growth in customer deposits and surplus funds which had been budgeted for lending activity. The surplus funds were placed in short term investment instruments including Government bonds, treasury bills, CBS bills and call deposits.

- Other income was E734,000 below budget mainly due to E655,000 budgeted profit disposal of one residential property in Manzini. The sale had not yet materialized and was likely to come through during the next quarter.

- Staff costs amounted to E18.90m which was 92% of the budget and in line with same period the previous year.

- Operating costs amounted to E11.41m and 95% of budget. Savings were mainly on depreciation. Provisions had been raised for recurring operating expenditure to ensure minimal timing differences. Cost containment initiatives were on-going with a view to improving the Bank's efficiency ratios.

- Total balance sheet was at E1.75m and was E17.7m above budget and has increased by increased by E45.7m since the beginning of the financial year. The significant growth had been driven by the growth in customer deposits. This improved the Bank's liquidity position and has partly offset the cash outflows to honour long term borrowings and loan commitments.

- Long term liabilities amounted to E200m and were in line with the budget and all compliance requirements.

- Cash and short term funds amounted to E438.47m and was E55.68m above budget.

- Net loans and advances amounted to E1.19billion (an increase of E69.5m) due to disbursements made to corporate clients. Budget levels had not been realised due to the tightening on lending as a result of the economic conditions.

Financial Statements

Income Statement	**2011 June 30**	**2011 Mar 31**	**2010 Dec 31**	**2010 Sept 30**
Interest Income	29,777,000	28,552,000	31,744,000	33,474,000
Interest Expenses	12,282,000	12,122,000	14,340,000	14,717,000
Net Interest Income	**17,495,000**	**16,430,000**	**17,404,000**	**18,757,000**
Provisions	**-**	**-**	**5,250,000**	**-**
Net Int. Income after Prov.	**17,495,000**	**16,430,000**	**12,154,000**	**-**
Non Interest Income	26,673,000	24,726,000	25,595,000	22,927,000
Operating Income	**44,168,000**	**41,156,000**	**37,749,000**	**41,683,000**
Operating costs	34,301,000	26,259,000	28,722,000	32,932,000
Operating Profit	**9,867,000**	**14,896,000**	**9,027,000**	**8,751,000**
Provisions write Back/CR	-	-	-	266,000
Recoveries	**774,000**	**1,049,000**	**159,000**	**-**
Total Profit	**10,641,000**	**15,945,000**	**9,186,000**	**9,017,000**

Balance Sheet				
Liquid Assets	181,925	57,549	110,391	90,310,000
Loans & Advances	1,199,213,000	1,134,336,000	1,196,544,000	1,657,652,000
Other Current Assets/Debtors	13,366,000	2,827,000	4,894,000	8,355,000
Investments	256,540,000	418,618,000	322,100,000	288,805,000
Equity Shares Metropolitan	9,022,000	8,962,000	8,962,000	-
Fixed Assets	84,870,000	56,176,000	57,258,000	57,349,000
Total Employment of Capital	**1,744,935,000**	**1,678,468,000**	**1,700,148,000**	**1,657,652,000**
Share Capital	54,800,000	54,800,000	54,800,000	54,800,000
Accumulated Surplus/Deficit	137,792,000	99,481,000	98,742,000	98,742,000
Shareholder's Loan	135,000,000	135,000,000	135,000,000	135,000,000
Deposits	983,748,000	934,064,000	966,288,000	913,450,000
Long term Liabilities	200,000,000	212,500,000	220,833,000	233,333,000
Other Liabilities	165,285,000	167,521,000	164,589,000	171,616,000
Reserves	57,668,000	31,075,000	31,814,000	31,817,000
Profit & Loss for the year	10,641,000	44,027,000	28,082,000	18,896,000
Total Capital Employed	**1,744,935,000**	**1,678,468,000**	**1,700,148,000**	**1,657,652,000**

*The Financial statement has been re-stated since December 2010.

PEU Comments

SDSB profits decreased from E15.9 to E10.6m this quarter. Loans and advances amounted to E1.19b compared to E1.13b the previous quarter. The total balance sheet for the Bank amounted to E1.74b compared to E1.68b. The Bank was able to attract E983m deposits this quarter compared to E934m last quarter.

The slow down in economic activity affected the increase in the loan portfolio and the level of fees and commissions for the Bank.

SWAZILAND DEVELOPMENT FINANCE CORPORATION (FINCORP)

Parent Ministry: Ministry of Finance

FINCORP reported as follows for the quarter,

Operational Review

- The company continued to manage and monitor projects introduced the previous periods. These included the new product targeted towards grassroots empowerment. This product is offered at prime less two percent per annum as presented to the finance committee of Parliament.

- Two (2) staff members were recruited for the subsidiary, First Finance Company. One was a replacement of a staff member who resigned and the other one was necessitated by the level of operations at the subsidiary, First Finance Company.

Financial Situation

- Interest on loans was E14.10m compared to E15.57m realised the previous quarter. Budget for the quarter was E14.27m, resulting in an adverse variance of 1%. This indicates that actual interest earned was relatively in line with the stagnant business activity that was projected during budgeting, attributed to the existing adverse economic conditions in the country.

- Fees, charges and other non-interest income amounted to E6.07m against a budget of E4.51m reflecting a positive variance of 45%.

- Total interest on borrowings amounted to E5.33m compared to E6.29m the previous quarter. Budget for the quarter was E5.43m, resulting in a positive variance of 2%. This was a result of timely repayments of commitments during the period. A loan of E10m from Interneuron was settled by the subsidiary company, First Finance Company, at the beginning of the quarter, also contributing to the positive variance.

- As earlier indicated, adverse economic conditions currently facing the country have resulted to a need to provide E3.82m compared to a budgeted E2.54m for the period under review.

- Salaries and wages amounted to E4.12m compared to E4.86m the previous quarter. Budget for the quarter stood at E4.55m, resulting in a favourable variance of 10%. One reason for the low cost is that the company is still expecting the appointment of the Managing Director. Costs associated with this post were budgeted for.

- Other operating expenses amounted to E2.35m compared to E9.62m the previous quarter. Budget for the quarter was E3.89m, therefore resulting in a positive variance of 40%. This was an indication of proper cost containment.

Outlook

- KPMG is expected to undertake a review of one of the cycles as per the company's risk assessment.

- FINCORP further plan to continue with the on-lending operations.

- Harvesting for Sugar Cane farmers is expected to continue as the harvesting season reaches its peak, which will result in increased cash inflows.

Financial Statements

Income Statement	2011 June 30	2011 Mar 31	2010 Dec 31	2010 Sept 30
Income	20,168,024	27,519,761	18,576,779	22,000,171
Expenditure	13,159,090	19,049,818	11,344,602	20,533,383
Operating Income	**7,008,934**	**8,469,943**	**7,232,177**	**1,446,788**
Prov. for bad debts/Finance ch	3,817,162	12,483,973	3,218,745	801,332
Net Income	**3,191,772**	**-4,014,030**	**4,013,432**	**665,456**
Balance Sheet				
Fixed Assets	6,832,023	12,166,555	11,860,269	9,363,913
Investments	1,522,500	1,522,500	1,522,500	1,522,500
Current Assets	441,755,715	418,002,089	360,133,703	346,212,184
Current Liabilities	68,316,597	37,628,593	38,532,184	34,293,654
Net Current Assets	373,439,118	380,373,496	321,601,519	311,918,530
Employment of Capital	**381,793,641**	**394,062,551**	**334,984,288**	**322,804,943**
Distributable Reserves	36,475,460	35,399,217	39,920,419	35,906,988
Non-Distributable Reserve	141,055,216	140,023,877	90,023,877	101,459,744
Long Term Loan	204,262,965	218,639,457	205,039,991	185,438,211
Total Capital Employed	**381,793,641**	**394,062,551**	**334,984,287**	**322,804,943**

Key Financial indicators:

Ratio description	**1ST Quarter**	**4th Quarter**	**3rd Quarter**	**2nd Quarter**
ROCE (EBIT/Capital Employed)	0.01	-0.01	0.02	0.29
Return on Total Assets (EBIT/Total Assets)	0.01	-0.01	0.01	0.27
Debt/Equity Ratio (long-term loans/ Equity)	54%	55%	61%	57%
Current ratio (current assets/ Current Liabilities)	1:6.5	1:11	1:9.3	1:10
Provisions	E3,817,162	E12,483,973	E3,218,745	E801,332

PEU Comments

A surplus of E3.19m was realised this quarter compared to a deficit of E4.01m the previous quarter reflecting an improvement of 180%. Budget for the quarter was E1.63m resulting in a favourable variance of 95%. FINCORP was able to control expenses, general overheads were 40% below budget and staff costs were 10% below budget thus contributing to the favourable variance. Non interest income was above budget by 35%.

The Corporation's liquidity position showed a decline when compared to the previous quarter. The current ratio stood at 1:6.5 compared to 1:11 the previous quarter. This was due to the increase in cash out flow due to the capital repayment of the Corporation's long-term borrowings.

FINCORP continued to issue out loans to the public. An increase of 6% was noted in both the long-term and short term loans. Also worth noting is that there was a major decrease in the provisions when compared to the previous quarter. Provisions for the quarter were E3.82m reflecting a decrease of 69%.

SINCEPHETELO MOTOR VEHICLE ACCIDENT FUND (SMVA)

Parent Ministry: Ministry of Finance

SMVA Fund reported as follows for the quarter,

Operational Review

- The Road Safety Awareness Campaign is gaining momentum as another rally was staged in Mbabane on the 23rd July, 2011. The profile of the Campaign was raised as it was attended by the Deputy Prime Minister who represented the Prime Minister and the entire Cabinet. The Campaign was well attended and gained wide publicity in the media. Preparations are underway for another rally as the intention is to conduct these rallies in all the four regions of the country.

- The SMVA Fund is also involved in a countrywide campaign of workshops for public transport drivers and continues to amplify road safety messages through the media and on billboards. The intention is to put billboards all over the country, in the main routes and main centres.

- The House of Assembly has passed the Amendment Bill and it is now ready to be sent to the House of Senate. The concerted effort by the Honourable Minister of Finance in the facilitation of the smooth process in the deliberations on this Bill and the excellent cooperation that was given to him by his colleagues, the Honourable Members of Parliament in the House of Assembly, is appreciated. In this regard, the SMVA Fund can only look forward to similar developments in the House of Senate.

Financial Situation

- SMVA Fund experienced an operating surplus of E4.9m (March 2011: E9.04m). The surplus (after investment income) amounted to E8.92m.

- Total revenue which includes fuel levy, interest on investments, and rent receivable decreased by 3.1% from E19m to E17.44m. The main contributing factor is a fair value loss of E338,624 in unit trusts investments.

- Claims expenses amounted to E8.09m compared with E6.67m in the previous quarter, an increase of 21.3%.

- Operating expenses increased from E4.13m to E6.12m which is a 48% increase resulting from the fact that the figure includes a reinsurance premium of E2.44m which is payable at the beginning of each half of the year.

- SMVA Fund's assets exceeded its liabilities by E206.366m.

Income Statement	2011 June 30	2011 March 31	2010 Dec 31	2010 Sept 30
Income (Fuel Levy)	17,564,563	17,243,627	19,728,891	20,320,909
Other operating income	213,770	228,977	6,793,360	4,859,315
Fair value gains/(losses)	(338,624)	535,489	1,624,511	1,473,694
Expenditure	12,538,711	8,967,167	9,059,110	14,321,814
Investment Income - net	4,020,115	-	-	-
Net Profit/ Loss	**8,921,113**	**9,040,926**	**19,087,652**	**12,332,104**
Balance Sheet				
Fixed Assets	10,185,976	5,411,533	5,578,354	5,345,373
Investments	35,839,540	35,349,638	20,350,038	19,806,236
Current Assets	383,836,949	378,487,189	383,634,120	369,295,654
Current Liabilities	223,229,393	230,532,209	234,606,371	238,421,326
Net Current Assets	160,607,556	147,954,980	149,027,749	130,874,328
Employment of Capital	**206,633,072**	**188,716,151**	**174,956,141**	**156,025,937**
Accumulated (Deficit)Surplus	206,633,072	188,716,151	174,956,141	156,025,937
Total Capital Employed	**206,633,072**	**188,716,151**	**174,956,141**	**156,025,937**

PEU Comments

The accumulated surplus of the SMVA Fund continues to increase as reflected by the 9.5% increase from E188.716m last quarter to E206.633m.

Other operating income is basically money from undertakings made by SMVA Fund for claims liability but unfortunately the clients have since passed on and the money has had to be transferred to investments as reflected by the increase in investments and a decrease in other operating income over the last two quarters.

Registered claims (reported cases) and settled claims decreased by 27.4% and 24.8%, respectively, compared to an increase of 12% reported last quarter. Registered claims statistics were 208 in the previous quarter, whilst in this quarter they were 151. The efforts being made by SMVA Fund using the Road Safety Awareness Campaign may be yielding the desirable benefits as noted in the report that another rally was staged in Mbabane which was well attended and gained wide publicity in the media. Moreover, there are preparations that are underway for another rally as the intention is to conduct these rallies in all the four regions of the country. These awareness Campaigns are applauded as they set the platform for attitude change by drivers and pedestrians on the roads of the country.

On the other hand, it is noted that there was a decrease in settled claims from 177 in March, 2011 to 133 in June, 2011, a 24.8% settlement rate.

Claims paid increased by 21.3% compared to a decrease of 37% reported last quarter. An increase in the settlement rate, which is advantageous, means that more claimants are paid out their dues resulting in a further decrease in the outstanding claims liability figure. It is noted that outstanding claims reduced from E171.461m to E159.669m this quarter. Although there is a slight reduction in current liabilities namely outstanding claims and other current liabilities, the current liabilities of the SMVA Fund are still significantly high and an increase in the payout of claims would be encouraged so that road accident victims receive their claims in a shorter turn-around time through streamlined business processes.

SWAZILAND REVENUE AUTHORITY (SRA)

Parent Ministry: Ministry of Finance

The SRA reported as follows for the quarter,

Operational review

- This is the second quarterly report by the SRA. While operations started on establishment of the Authority by law in 2008, the revenue administration function only commenced on 1st January 2011 when the personnel was transferred from the former Departments of Income Tax and Customs and Excise, and other staff recruited to augment the human resources personnel of SRA.

- Despite the sluggish economic activity, SRA has continued to meet quarterly targets. The target for SRA for the first quarter of 2011/12 was E914.15m. The collection for the quarter of E985.97m exceeded the target by 7.86% reflecting the strengthened efforts by the SRA in revenue collection despite the fall in national income due to slowed economic activity. Revenue collections for the first quarter of the year 2010/11 were at E971.57m.The collections for the quarter under review lie at E985.97m, and exceed the collections for first quarter of 2010/11 by 1.48%, indicating an increased revenue collection on a year on year basis.

- The quarter started off with a 95.77% achievement in terms of revenues collected showing an underperformance in revenue collection against targets. However, this underperformance was compensated by the over achievement in May (7.74%) and June (21.18%); thus the quarterly target was exceeded by 7.86%.

- A draft Strategic Plan has been developed by SRA and provides a strategic direction on the operations taken over from the departments of Income Tax and Customs and Excise. It sets out a roadmap with work programmes and business plans for SRA to provide efficient and effective systems in the collection of revenue and administration of customs, tax and revenue laws. Six strategic themes have been developed:

    - Increased revenue mobilisation.
    - Minimise costs of collection, enforcement and compliance.
    - Promote voluntary compliance.
    - Improve customer service.
    - Build a strong and sustainable organisation.
    - Encourage staff professionalism and motivation.

- The draft Strategic Plan is for a 3 year (2011/12 – 2013/14) period, with annual reviews scheduled to monitor progress and measure attainment of set targets. It was approved by the Governing Board and presented to the Minister. Currently, SRA is reviewing its presentation and incorporating developments in the International Monetary Fund (IMF) Revenue Administration Mission.

- To be effective in its revenue administration mandate and to improve customer service, it is critical for the SRA to adopt modern information technology (IT) based tools. These are designed to give a single view of a taxpayer across all tax types. The process of implementing an Integrated Revenue Administration Systems (IRAS) for SRA is progressing well. Expressions of Interest and subsequent evaluation have been undertaken to-date, including approval of a shortlist of vendors for IRAS. Request For Proposals (RFP) were developed and issued for return in first week of July 2011 for evaluation, negotiation and awarding in October 2011.

- **Taxpayer Identification Number** – a specification for an interim Value Added Tax (VAT) Taxpayer Identification Number (TIN) system has been developed. In the pipeline is the determination of a timeline for an interim VAT Registration system.

- **SRA Network** – SRA, Swaziland Posts and Telecommunications Corporation (SPTC) and Government Computer Services have successfully connected the SRA data centre at SRA Head Office (Imfumbe Building) to the data centre at Government Computer Services. Effectively SRA is now connected to the Tax Administration Systems (TAS). This link brings benefits that include: connection of all SRA employees to SRA email domain; linking major stations (initially those around Mbabane) to PABX to reduce costs; setting up of SRA call centre; and will also facilitate the use of intranet throughout SRA offices countrywide.

- **Automated System for Customs Data** - The roll-out of an Automated System for Customs Data (ASYCUDA^{++}) has been completed at all the commercial sites and is still pending on five of the non-commercial sites. The benefit of having ASYCUDA^{++} in all commercial sites is that it will significantly improve the operations at these sites which also include the capturing of the trade data. The major setback on completing the roll-out is related to limited network access, which the Information, Communication and Technology (ICT) Division is supporting to ensure full connectivity. Station Managers as well as part of the staff at border posts have been trained on ASYCUDA^{++}. Training has been scheduled to be completed by the end of the second quarter (30 September 2011).

- **Integrated Financial Management System -** To better manage its finances, the SRA is in the process of acquiring an integrated financial management system. The integrated financial management system is at the tendering stage where proposals are expected from vendors. The system is expected to improve the financial reporting efficiency once implemented. In the interim an off-the shelf system (Pastel) has been purchased but is proving to be inappropriate for the business.

- **Tax Legislation -** New legislation and amendments to existing legislation that were done in the ending quarter include the following bills;

    - Value Added Tax Bill - published in the Government Gazette on 10 May 2011 after Cabinet approval. This has now been tabled before Parliament's Finance Committee for deliberation.
    - Sales Tax Amendment Bill - tabled by Minister before Parliament and still to be tabled before House of Senate after the Finance Committee has carried out its stakeholder consultations.
    - Income Tax Amendment Bill - gazetted on 24 June 2011 and tabled in Parliament on 29 June 2011.

- A total of seventeen (17) court cases are before the courts for resolution. Fourteen (14) relate to sales tax while two (2) relate to customs and one (1) to income tax. Sixteen (16) cases are pending. One case relating to income tax is being pursued against SRA.

- **Taxpayer Education** - Nine (9) face-to-face engagements with taxpayers were held during the first quarter. SRA undertook a segmented approach to reaching taxpayers. When scheduling the presentations priority was given to the larger taxpayers and those who have been deemed to have a significant impact on the ability to meet the set targets in the short to medium term. Most engagements held in the quarter focused on promoting compliance across all tax types with at least two being aimed at communicating specific issues such as the new procedure for valuing imported vehicles and the introduction of new Income Tax Return forms. These engagements have been useful towards gathering of information on the issues that affect taxpayers.

- **Radio Programmes -** Participation on the national radio has been *ad-hoc* during this quarter pending the finalization of the SRA programme that will be aired on a weekly basis. This participation has been in various forms and existing shows such as Morning Breakfast Show *(Letishisako)* of Swaziland Broadcasting and Information Service (SBIS), the Smart Partnership Live Show as well as phone-ins to respond to specific issues. Various topics relating to the SRA's mandate have been discussed using these fora. The Breakfast Show of the Swaziland Television Broadcasting Corporation (STBC) has also been utilized a number of times to address many public issues as well as to publicize SRA initiatives.

- **Cooperation and Partnership with other Revenue Authorities -** A Memorandum of Understanding (MOU) between the South African Revenue Services (SARS) and SRA was drafted on the VAT Refund Scheme. It will address the processing and administration of the VAT refund system. The scope of the MOU covers:

    - South African VAT paid by a qualifying purchaser on movable goods in South Africa to a South African vendor;
    - VAT paid in South Africa by a qualifying purchaser refunded directly by SARS to SRA.

- Qualifying purchasers who have paid South African VAT on movable goods at the standard rate shall not pay Sales Tax at the standard rate to SRA upon importation of the movable goods into Swaziland if the qualifying purchaser is in possession of a valid South African tax invoice.The VAT refund due to the qualifying purchaser shall be paid by SARS directly to SRA in lieu of the Sales Tax (or VAT after introduction in Swaziland).

- As a pre-requisite to the signing and operationalization of this MOU, the two governments have to sign an agreement that will pave the way for cooperation in a number of areas to avoid fiscal evasion between them. This agreement was approved by Cabinet within this quarter and is awaiting finalisation of the approval processes on the South African side.

- The SRA signed a tripartite agreement with the World Customs Organization (WCO) and Swedish Customs to facilitate capacity building.

- **Training** - SRA has conducted various training activities for its staff. These included: Inductions; Customs Survival Kit; Management Training on Customs Business Plan; Senior Management Development Programme; and, Performance Management System Training.

- **Policies and Standard Operating Procedures -** Some of the standard operating procedures developed in the course of the quarter include valuations for second hand motor vehicles being imported into the country by motor vehicle dealers and clearing agents. Procedures and some requirements for importing second hand vehicles by road or by rail as well as for those that use local borders for transit were revisited. Of significance in the new procedures is the emphasis on ALL original documents pertaining to the purchase and importation of a vehicle in order for the valuation and clearing procedure to be as smooth as possible. A Vehicle Valuation Unit for valuations of all second hand motor vehicles has been established.

Financial Situation

- Total grant income received at 31st March 2011 was E77m. This was made up of the initial E50m to finance the start of operations plus E27m to finance the supplementary budget of E58.2million for the period 1st January 2011 to 31st March 2011.

- For the quarter 1st April to 30th June 2011, grant income of E72.5million was due from government. A total of E46.182million was received during the quarter of which E11.18m was part of the balance outstanding at 31st March 2011 for the supplementary budget and E35m was part of the subvention due for the quarter to 30th June 2011.

- At the end of June the total under funding for the SRA operations was at E57.51m. This effectively means that the full supplementary budget for the three months to 31st March 2011 was not funded, thus impacting operations negatively.

- **Expenses** - The obtaining current fiscal crisis makes it very difficult for the SRA to commit its budget as per plan. The operational expenditure for the quarter totalled E40.1million which was E9.9million below the approved budget allocation of E62.9million. Key expenditure items for the period were staff costs (including pension and gratuity) at E31.6million (79% of total costs), building costs at E2.5million accounting for 6% of total costs and professional fees (E1.3million) at 4% of total costs.

Outlook

- Transfer of assets to SRA by Government - according to the Memorandum of Agreement, Government is supposed to transfer all the assets that were previously under the control of the former Government Departments. The hand-over of fixed assets (land and buildings) has not been done and the pace at which the processes are being done is affecting operations of SRA. Challenges being faced include non-commencement of improvements in these premises and offices to enhance security. Moreover, there are delays in handing over capital projects under construction at Ngwenya and Lavumisa border posts by the Ministry of Public Works and Transport. Beginning 1st April 2011 the budgets of these projects were transferred to the Ministry of Finance.

Financial Statements

Income Statement	2011 June 30	2011 March 31
Income	387,348	1,724,428
Other	12,657	31,200
Expenditure	40,073,966	48,314,556
Operating Profit/Loss Before Subvention	-39,673,962	**-46,558,928**
Subvention	46,000,000	77,000,000
Operating Profit/Loss	**6,326,038**	**30,441,072**
Balance Sheet		
Fixed Assets	5,944,025	4,849,696
Investments	0	0
Current Assets	45,515,487	40,866,851
Current Liabilities	3,744,965	9,088,611
Net Current Assets	41,770,522	31,778,240
Employment of Capital	47,714,547	**36,627,936**
Contributed Surplus	-84,520,712	2,003,999
Long Term Liabilities	9,053,259	4,182,865
Retained Income	123,182,000	30,441,072
Capital Employed	**47,714,547**	**36,627,936**

PEU Comments

The SRA had an operational profit of E6.32m after subvention compared to E30.4m last quarter. The SRA has a healthy current ratio at 12.15:1 compared to last quarter at 4.49:1. However, the seemingly huge liquidity given by the current ratio may not be giving the right picture, because at the end of June the total under-funding for the SRA operations was at E57.518m. This effectively means that the full supplementary budget for the three months to 31st March 2011 was not funded, thus impacting on operations negatively. Government funding is becoming a challenge and impacting negatively on the cash flow position of the organisation.

The current position is having an adverse effect on operations as the SRA is no longer able to commit to critical projects without the guarantee that funds will be available to discharge the liabilities when they fall due. Of critical importance is the funding of the integrated revenue administration system which is currently being procured and the Lavumisa Border construction project, which is causing major revenue leakages.

On Buildings – For the period to date savings of E4.8million were reported against budget and this was mainly attributed to the rental charges as well as repairs and maintenance where savings of E2.7m and E2.4m respectively were reported. The budget assumed rental at the new building which is not yet complete. Repairs and maintenance were assumed for the offices at the border posts as well as inland stations. The cash position required that only critical repairs and maintenance be carried out. This unfortunately has long term effects if the routine maintenance is not carried out.

On Professional fees – Savings of E2.2m against budget of E3.5m were reported in the quarter. The main drivers were savings on consultancy fees (E1.4m), Legal fees (E332, 000) and IT professional services (E385, 000), which were all on account of timing for the expenditure.

On Staff costs – A favourable budget variance of E9m was reported for the period. Basic pay and overtime together account for E6.4m of the reported savings. This was mainly driven by the staff compliment which was below the budget as well as streamlining of operations to reduce on overtime requirements. Also included in the budget was a full year provision for bonus and the payment had only been prorated based on the months of service. On Gratuity and Pension – Savings of E628, 000 were reported in the period.

It is noted that the SRA is at its teething stage, but emphasis on training and getting the latest Integrated Revenue Administration System and the other systems coming into play including the introduction of VAT will yield benefits in the entity's future operations.

SWAZILAND ELECTRICITY COMPANY (SEC)

Parent Ministry: Ministry of Natural Resources and Energy

SEB reported as follows for the quarter,

Operational Review

- Generation costs stood at E5.3m compared to E8.1m the previous quarter. The decrease in costs during the quarter was a result of the slow activity at the beginning of the year with regards to filling of vacant positions and maintenance.

- Power procurement costs amounted to E105.4m compared to E57.2m last quarter. The increase in power purchases was due to high season import tariffs that became effective in the month of June. The high cost trend was expected to normalize after the high season, and may be positively impacted by an availability of EDM excess energy, and the rectification of challenges currently experienced in the spot market trading.

- Total transmission costs were E20m compared to E25.4m last quarter.

- Distribution costs decreased by 21% to E39m compared to E49.4m the previous quarter. The decrease was due to the fact that the previous quarter's expenditure was characterized by an excessive utilization of funds on planned maintenance costs incurred as well as late processed transactions in respect of costs incurred during the December quarter for reactive maintenance following storms experienced in that quarter.

- Net Fixed Assets increased from E1.089b to E1.105b due to capitalization of various regional projects to facilitate new connections.

- The company's investment in MOTRACO was valued at E126.6m during the quarter a decrease by E11m compared to the previous quarter. The payment of the dividends from Motraco had an effect of reducing the value of the investment as it is equity accounted for.

- SEC purchase an exclusive right to buy surplus electricity from Ubombo Sugar Limited and the total cost of the exclusive right was E150m.

- The company is continuing with the process of rolling out the prepayment metering project to mitigate the amount of write-offs. Now that the project is almost complete, its short term benefits are yet to be reviewed in the second quarter. A total of 98,293 prepaid meters had been installed and the project was 99% complete. The only outstanding conversions refer to customers that were not available when the routine conversion was done.

- Coal Fired Thermal Power Station – The feasibility study of the project is still ongoing. The status of the project had not changed since the last quarter. There were still delays in obtaining the exploration license which had a negative effect on the timelines for this project.

- Manzini Regional Office Construction – This project was still in progress and was 74% complete. Total cost as at 30th June was E12.6m.

- Rural Electrification projects – There had been no progress at all on Rural Development Fund projects, these projects remain suspended pending receipt of payment from Swaziland Government.

- Substations – The construction of Mayiwane and Lawuba substations had started and due for completion at the end of the year. The combined costs of these projects are E56m.

- Systems losses stood at 19.31% compared to 14.18% last quarter. This is almost a fifth of total units available for sale. This means that out of the total units available for sale of 264 MWh recorded for the quarter, a total of 212 MWh were actually sold. However this unfavourable position may be subject to change due to a certain account that showed an abnormal reduction in consumption during the month of June, hence resulting in the significant increase in losses compared to the previous quarter. The budget for system losses for the quarter was 13.9%. Another project targeted to reduce technical losses had since been identified. This project is a power factor correction initiative aimed at improving the performance of the distribution network resulting in a decrease in energy waste, hence reducing the demand for available energy.

Financial Situation

- Net profit was E44.6m compared to E59.5m last quarter

- Sales revenue amounted to E242.3m compared to E221m last quarter. The increase is attributable to the 8% increase in sales tariffs as approved by the Regulator, SERA which was effected in June 2011.

- Administration costs amounted to E25.8m compared to E48.9m last quarter. The last quarter of the financial year ended March 2011 was characterized by accrual expenditure in respect of final early retirement packages that were paid out in April 2011.

- Total cash at bank and on deposit stood at E165m compared to E208.5m last quarter. The decrease in cash holding resulted from a payment made to Ubombo Sugar Limited of E110m in respect of Power Purchase Agreement that the company has with SEC.

- Inventories decreased to E66m from E69.7m last quarter.

- Electricity debtors stood at E174m compared to E209m last quarter. The decrease reflects a slight improvement in the collection of debts noting that most customers had been affected by the difficult economic situations.

- SEC's short term liabilities stood at E122m compared to E126m last quarter.

Outlook

- The company looks forward the completion of Mayiwane and Lawuba substations at the end of the year and the completion of the construction of the Manzini Regional Office in November 2011.

Financial Statements

	2011	**2011**	**2010**	**2010**
Income Statement	**June 30**	**Mar 31**	**Dec 31**	**Sept 30**
Sales revenue	242,328,755	221,070,714	237,096,673	238,242,703
Other Income	16,323,419	67,471,192	24,083,549	17,321,833
Total Trading Income	**258,652,174**	**288,541,906**	**261,180,222**	**255,564,536**
Power Purchases	105,445,917	57,220,438	72,446,749	121,858,836
Generation Costs	5,294,725	8,126,642	5,376,136	6,481,904
Transmission Costs	20,010,787	25,486,926	17,098,798	20,930,090
Tot'l PP+GC+TC	130,751,429	90,834,006	**94,921,683**	**149,270,830**
Gross Profit	127,900,745	197,707,900	**166,258,539**	**106,293,706**

Distribution Costs	39,097,812	49,447,728	36,028,688	33,429,705
Administration Expenses	25,895,984	48,952,054	29,009,296	47,361,773
Interest paid and payable	4,947,700	13,865,633	3,283,191	3,089,643
Foreign Exchange Losses	-2,312,757	21,486,400	-4,451,753	-5,782,834
Income Tax	15,670,722	4,418,370	26,621,170	7,330,809
Internal Funds	-	-	-	-
Net Operating Profit/Deficit	**44,601,285**	**59,538,715**	**75,767,946**	**20,864,611**
Balance Sheet				
Fixed Assets	1,105,216,122	1,089,132,323	1,048,062,047	999,475,597
Counterpart Fund at bank	-	-	15,073,137	14,885,341
Rural Electrification Fund	-	-	13,878,581	8,447,410
Investment in Joint Venture	126,636,095	137,727,295	125,835,585	141,262,254
Unrealised forex hedging gains	27,796,489	26,238,488	21,895,517	30,563,491
Probec Fund at bank	-	-	196,883	521,560
Other Assets	46,049,565	45,682,979		
Intang asset– Ubombo PPA	150,000,000	40,000,000		
Pension Retirement Asset	3,611,532	3,611,532	1,887,369	1,887,369
Current Assets	405,380,673	487,982,226	482,339,061	374,640,693
Current Liabilities	249,458,784	254,640,812	246,382,624	236,478,832
Net Current Assets	155,921,889	233,341,414	235,956,437	138,161,861
Employment of Capital	**1,615,231,693**	**1,575,734,030**	**1,462,785,555**	**1,335,204,883**
Government Investments				
Share Capital	433,493,841	433,493,841	433,493,841	433,493,841
Deferred Grant income	109,788,001	109,788,768	54,539,585	54,539,585
Other deferred income	46,049,565	45,1682,979	61,099,665	55,759,804
Foreign Exchange reserve	5,317,015	5,317,015	2,361,455	17,788,124
Derivative Financial Instruments	4,485,279	4,549,080	5,604,204	6,488,177
Retained income	528,349,704	325,703,422	330,185,611	330,185,611
Current year's income	44,601,285	202,646,290	134,925,771	59,046,254
Embedded Derivative Liability	12,953,369	18,359,768	13,878,581	8,447,410
Counterpart Fund	-	-	15,073,137	14,682,898
Probec Fund	-	-	196,883	521,560
Loans	284,538,511	284,538,511	298,026,355	240,648,708
Deferred Tax Liability	145,655,123	145,655,123	113,400,467	113,400,467
Total Capital Employed	**1,615,231,693**	**1,575,734,030**	**1,462,785,555**	**1,335,204,883**

PEU Comments

SEC's profit for the quarter was E 44.6m compared to E59.5m last quarter. The decrease in the profits resulted from decrease in other income received during the quarter. The other income was E16.3m compared to E67.5m last quarter. Notable also was the increase in power purchases which was E105.4m compared to E57.2m last quarter. The costs were higher than what the company had anticipated due to increased imports from Eskom. The company had budgeted to offset imports from Eskom with the power from Ubombo Sugar Limited (USL) but they had start-up challenges resulting in less power delivered.

During the quarter the company bought an exclusive right to buy surplus electricity from Ubombo Sugar Limited. The surplus electricity to be sold to the company will help reduce imports from Eskom as more of the electricity purchases will be sourced locally.

SWAZILAND WATER SERVICES CORPORATION (SWSC)

Parent Ministry: Ministry of Housing and Urban Development

SWSC reported as follows for the quarter,

Operational Review

- A total of 1,213 samples were collected. This represents a 91.9% success rate. The samples collected include raw water (12.9%), treated water (13%) and distribution (74.1%). The Quality Assurance Unit conducted 58,224 tests. Tests conducted included bacterial (Total coliform, *Escherichia coli*, Faecal streptococci), nutrients (sulphate, nitrate, phosphate, chloride, etc.), cations (calcium, sodium, lead, magnesium, etc.), pH, turbidity, electrical conductivity, total suspended solids, alkalinity, etc.

- **Table 1** below shows the potable water turbidity compliance against the WHO Guideline (5 NTU).

Period	Treated water			Distribution water		
	No. samples	Chem % compliance	Micro % compliance	No. samples	Chem % compliance	Micro % compliance
June 2011	63	75.0	84.6	375	89.3	93.7
May 2011	51	63.0	79.6	282	88.1	97.5
April 2011	43	62.8	88.4	243	81.9	96.3
Average	**52**	**66.9**	**84.2**	**300**	**86.4**	**95.8**
January – March 2011	**61**	**69.1**	**83.8**	**348**	**78.3**	**92.9**
October – December 2010	**54**	**70.7**	**87.7**	**292**	**87.7**	**96.6**

- The average microbiology compliance of waterworks stood at 84.2% for treated water and 95.8% for distributed water.

- A total of 64 plant audits were conducted across all SWSC's potable water plants. The objective of conducting the audits is to ascertain the efficiency of the plants' treatment processes.

- Four reservoirs were cleansed. These are: Lavumisa (Eastern), Ngwenya Raw, Ngwenya Treated, Kadake and Ntfonjeni (North West).

- A total of 259 wastewater samples were collected and analysed, resulting in 3,626 tests being conducted in the process. The tests range from microbiological to physico-chemical parameters, which are used to evaluate the efficiency of the wastewater treatment plants and the quality of the treated effluent before it is released to receiving water bodies such as rivers and streams. The key parameters used to determine effluent compliance are biological oxygen demand (BOD), chemical oxygen demand (COD), dissolved oxygen (DO), pH, electrical conductivity (EC), total dissolved and suspended solids (TDS & TSS), ammonia, residual chlorine and total coliform.

- A total of 343 samples were collected. The number of tests conducted was 1,372 and the average percentage compliance (COD samples less than 500mg/L) for the billed companies stood at 38.1%.

- **Projects: Progress Reporting**

PROJECT	STATUS/COMMENT
New Sewer Treatment Plant for Matsapha Industrial Town	The Civil and Mechanical and Structural works contracts are ongoing. The Electrical contract has been tendered out but award will be suspended until the fiscal challenges experienced by the Government improve. The outfall sewer line is located on private properties. Negotiations for the servitude of the outfall sewer line are still ongoing with the property owners. Property owners have indicated that compensation and evaluation are ongoing.
Nhlangano Water Supply and Sewer Treatment	The designs for both treatment plants are complete. The Contractor for the water treatment plant is on site and construction is in progress. The sewerage treatment plant tender adjudication has been concluded but award of tender has also been suspended subject to Government's financial position improving.
Lomahasha/Siteki Water Supply.	The construction of the Lukhula to Siteki pipeline is 98% complete. Lukhula to Malindza pipeline has been completed and tested The pipe route traverses private property, hence, delays were encountered due to unresolved land issues. The problems of not paying the Contractor on time and the lead times in procuring materials have also caused delays in project completion. Consultants to offer professional services for the Simunye-Lomahasha pipeline were sourced. Appointment has, howeve,r been stalled due to the current fiscal impasse.

PROJECT	STATUS/COMMENT
Sikhuphe Bulk Water Supply	The 14.5 km Malindza Bulk Water Supply to Sikhuphe was completed and tested.
Sikhuphe Bulk Reticulation	The 8 km Sikhuphe delivery pipeline to Sikhuphe airport is complete and was tested.
Sikhuphe Service Reservoir	The proposed 3.2Ml Sikhuphe Reservoir is to receive water from the Malindza reservoir. The service reservoir at Sikhuphe hill has been filled for testing and is currently full. Delivery from the reservoir to the Airport boundary has also been tested.
Sikhuphe Airport Water Supply, Sprinkler and Fire Fighting Reticulation.	The reticulation is complete save for bend anchors and connections.
Sikhuphe Fire Fighting Reservoir	The reservoir is complete and awaiting testing and commissioning.
Sikhuphe Wastewater	The treatment plant comprising the inlet channel, the package plant, contact channel, the drying beds and the office block has been completed. The sewer reticulation within the airport and outfall sewer is complete. A tender to complete the remaining works comprising landscaping, guardhouse construction and mechanical screen housing has been awarded.

- The under-listed are problems and challenges facing SWSC. These problems/challenges have an impact on the operations of SWSC and its ability to extend adequate services to its customers:

- ***Economic downturn and Government's fiscal position:*** The current fiscal impasse is hitting hard on SWSC in terms of project implementation and cashflow position. The work in progress of certain projects has been stalled due to non-payment of contractors. Government's failure to honour utility debt obligations has adversely affected SWSC's working capital and cashflow position.

- ***Lack of raw water storage:*** The development of raw water storages (such as dams) at strategic places is critical to ensure long term sustainability of water supply and the mitigation of the effects of climate changes.

- ***Lack of independent economic regulation:*** The non-independent regulation of the water tariff by Government makes it difficult to charge a cost recovery tariff that would support financial, economic and social goals.

- ***Inadequate capital budget:*** The development of water infrastructure requires huge capital outlays over time and inadequate budgets tend to undermine progress in implementing projects aimed at increasing water and sanitation access.

- ***Rural urban migration and industrialisation:*** The rate of increase in urban population and industrialisation is not matched by a corresponding increase in water infrastructure development.

- ***Acquisition of land for the development of water and sewer infrastructure*****:** The acquisition of suitable land for locating water and sewer infrastructure is a difficult process with cost implications. This often results in delayed implementation of projects.

- ***Aging infrastructure:*** The pipe network is old and often bursts. Replacing or overhauling the overall pipe network can be very costly. Pipes are replaced as and when they leak or burst.

Financial Situation

- A net profit amounted E5.7m was realised.

- Total revenue amounted to E51.99m (E48.29m in quarter ending March 2011). An operating profit of E4.44m (loss of E8.8m in the previous quarter) was realised this quarter.

- Total expenses amounted to E47.55m (E57m the previous quarter).

- There has been a 1.66% negative variance in the overall sales compared to budget. Only effluent charges were above budget. Some supply areas in the East and South West regions experienced water shortages.

- Total water connections stood at 37,426 (36,895 in March 2011). Total sewer connections were 9,359.

Outlook

- The current challenging economic situation has had a negative impact on the delivery of capital projects. This will affect the achievement of targets within the time frames stipulated in the Ministry of Natural Resources and Energy's strategic plan of which SWSC is part of. Water and sanitation plays a critical role in socio-economic development and the environment because it affects all pillars of development. The importance of achieving targets under the Millennium Development Goals cannot be overlooked either since it is part of poverty reduction.

Financial Statements

Income Statement	2011 June 30	2011 March 31	2010 Dec 31	2010 Sept 30
Turnover	51,984,330	48,291,006	48,028,734	49,769,784
Operating Expenses	47,548,282	57,091,822	44,152,779	52,365,888
Operating Profit/(Loss)	**4,436,048**	**(8,800,816)**	**3,875,955**	**(2,596,104)**
Other Income	1,268,521	17,155,760	2,357,475	3,203,501
Net Income	**5,704,569**	**8,354,944**	**6,233,430**	**607,397**
Balance Sheet				
Fixed Assets	740,129,614	760,582,769	697,593,290	686,037,204
Current Assets	148,546,885	138,557,847	156,976,299	159,050,046
Current Liabilities	61,743,074	102,236,752	47,401,280	48,538,066
Net Current Assets	86,803,811	36,321,095	109,575,019	110,511,980
Total Employment of Capital	**826,933,425**	**796,903,864**	**807,168,309**	**796,549,184**
Share Capital	30,222,580	30,222,580	30,222,580	30,222,580
Retained Income	189,846,601	188,855,463	180,666,848	174,433,418
Capital Grant	571,712,467	541,694,133	552,887,356	546,542,391
Long-term Loans	35,151,778	36,131,687	43,391,526	45,350,795
Total Capital Employed	**826,933,426**	**796,903,863**	**807,168,310**	**796,549,184**

PEU Comments

SWSC faces a challenge in terms of project implementation and cashflow position. The work in progress of certain projects has been stalled due to non-payment of contractors. Government's failure to honour utility debt obligations has also adversely affected SWSC's working capital and cashflow position. One solution to this problem could be the timely approval of water tariffs by establishing an independent economic regulator for water. In addition, the consideration of other sources of revenue to counteract the limited financial resources is welcome so as not to depend entirely on connections and collections.

SWAZILAND POSTS AND TELECOMMUNICATIONS CORPORATION (SPTC)

Parent Ministry: Ministry of Information, Communications & Technology

SPTC reported as follows for the quarter,

Operational Review

- The legal dispute with Swazi MTN has negatively impacted the roll out of the components of the Next Generation Network (NGN). Efforts are presently underway to resolve the dispute through an arbitration process.
- The recruitment process for the position of General Manager Finance which was left vacant, during the March, 2011 reporting period, is still ongoing.

- **UNISWA Foundation** - During the period under review, SwaziTelecom renewed her three year bandwidth sponsorship to the University of Swaziland (UNISWA) where the institution for higher learning enjoyed a bandwidth of 1024 Kbps and the sponsorship increase this ten times. The partnership with the university is aimed at:-
    - Enabling the university to engage in meaning research and in exchanging information with their counterparts the world over.
    - Bridging the digital divide by responding to the institution's internet requirements.
- 2011 marks the 10th anniversary of the existence of the SwaziTelecom Charity Soccer Spectacular Tournament. The launch of the 2011 Charity Cup launch was hosted at the Happy Valley on the 31st May 2011, an event that was attended by all the key stakeholders. The aim of the tournament is to raise funds for charity organizations that work with orphaned and vulnerable children in the country. Through these funds communities have been able to receive meaningful support towards community based projects; other communities have been able to create feeding gardens to ensure a continued supply of the food for the children.
- The following new services were introduced to the market in June 2011:
    - **Fixedfone:** this is a wireless phone which can be used by residential customers and SME's. **Fixedfone Unlimited Package:** This is a package that allows prepaid residential customers to make unlimited voice calls to 60 unique SPTC numbers at any time of the day for a period of 30 days by subscribing at E100.00 a month.
    - **Wireless Broadband Packages:** The Corporation has introduced prepaid subscription packages for wireless broadband where customers can surf the internet at affordable rates. The packages are capped at 1G for E295.00, 2G for E395.00 and 3G for E495.00, the validity period for the packages is one month. Introduction of the new packages was accompanied by the relevant training for frontline staff.
- **Fixed Access Terminals (UA5000)**: A total of 15 of the UA 5000 terminals (one terminal per site) have been installed. What is outstanding are the in-station tests, Provisional Acceptance Tests and User Acceptance Tests, which are to be performed before the equipment can be handed over to SPTC. However, commissioning of these sites might be delayed because the new numbers that have been assigned to these communities can neither call nor be called from the GSM network, as the issues with the mobile operator have not been resolved.

- There were a total of 569 telephone lines that were installed during the period under review, against a target of 900. There were 500 installations the previous quarter. The 569 installations are made up of 402 business lines and 167 residential lines, representing 71% and 29% respectively.

- **Payphones Services:** SPTC is currently expanding the payphones units installed so as to improve access to telecommunications services by the public. During the period under review, 17 card phones and 99 coin phones (116 in total) were installed against a combined average of 125. The average uptime or availability for the payphones was 96% against a national target of 90%. However, it must be noted that some of the payphones that are connected to the obsolete terminals, which have not been replaced, continue to be out of order because of the network system. In particular this affects communities in the remote areas. This problem will be solved by the migration of customers from the old network to the new, which is in progress.

- **National Switching Centres:** The national switching systems achieved an average processor availability of 99.93, which is below the target of 99.98%. This drop was caused by the total collapse of the Siteki main switching centre and later the remote switching units in Hume, Hotel and Siphocosini. The collapse of the Siteki main switch was triggered by faulty rectifiers.

- **Transmission Systems:** On the 7th of April 2011 there was a fire hazard which occurred in Mliba, resulting in the Mliba repeater station being completely burnt. The real source of the fire has not been established. Where possible, traffic was re-routed mainly through the optic fibre links, including traffic belonging to the mobile operator in the country. However, the outage of the Mliba repeater station continues to affect six (6) communities served by SPTC, namely Bhekinkosi, Mafutseni, Ekukhanyeni, Nkiliji, Nyakeni & Mliba. Where there is adequate coverage by the wireless network, customers are being migrated to the new platform through the Fixed Phone project.

- A total of 14 postal outlets began selling electricity prepaid units. As a result of the increase in the distribution network for pre-paid electricity, there was a 20% increase in the monthly sales turnover.

- Arrangements have been made with Swaziland Television Authority to revive the existing agency Agreement for collection of TV Licenses. The arrangements include reviewing the contractual agreement and the training of Swazi Post staff by STVA on the issuance of TV licenses. Through this new agreement Swazi Post will now issue new licenses to the public, a development that should improve the outlets where members of the public could get new television licenses.

Financial Situation

- Revenue for the quarter amounted to E128.649 million compared to E126.575 million achieved in the previous quarter ending March 2011, which shows an increase of 2%. The increase in revenue is mainly a result of tariff reviews on leased lines which resulted in customers upgrading their internet speeds and therefore paying higher rentals. The internet revenue has also increased as a result of the high demand of the data cards which offer high speed internet. Transit calls also contributed positively to the increased revenue during the quarter under review.

- Cost of sales were lower than in the previous quarter by 24% from E40.256 million in March 2011 to E30.665 million in June 2011. Putting the 'ONE' product on hold has resulted in less connections and therefore less installation costs.

- Operational costs for the quarter amounted to E76.304 million compared to E95.506 million the previous quarter resulting in a 20% decrease. The decrease was a result of the fact that in the previous quarter there was a provision for pension under-funding based on the fund's year-end valuation report.

- Finance charges shows a 90% decrease from E12.707 million in March 2011 to E1.263 million in June 2011. The unrealized exchange loss in the forward cover contracts as a result of the cross currency swap was not high during the period under review.

- Completion of the cross border links (Lomahasha, Lavumisa and Mahamba) will enable SPTC to tap into the undersea optic fibre cables for international internet bandwidth.

Outlook

- In order to reduce the high maintenance costs, SPTC is in the process of replacing the TDM network with the Next Generation Network (NGN), a process that is likely to be completed by March, 2012.

- For the next quarter, and extending to the rest of the financial year, the key focus areas will include:-
    - Providing an effective communications solution with internet connectivity to the Swaziland College of Technology (SCOT), the other institutions of higher learning and the national libraries.
    - Attending to the Swaziland Government Computer Services in terms of their network requirements.
    - Continuation of the installation of both wireless and fixed terminals under the NGN program.
    - Introduction of a small scale program for E-Health.

Financial Statements

	2011	2011	2010	2010
Income Statement	**June 30**	**March 31**	**Dec. 31**	**Sept. 30**
Income	144,759,000	92,998,000	175,271,000	131,615,000
Expenditure	94,674,000	136,725,000	133,570,000	136,456,000
Profit	**50,085,000**	**-43,727,000**	**41,701,000**	**-4,841,000**
Balance Sheet				
Fixed Assets	594,555,271	598,381,637	580,414,819	594,568,205
Investments	128,835,419	92,847,855	116,537,206	77,934,492
Current Assets	196,101,845	178,721,248	193,895,980	194,555,729
Current Liabilities	59,110,844	57,073,234	45,384,710	63,437,892
Net Current Assets/Liabilities	136,991,001	121,648,014	148,511,270	131,117,838
Employment of Capital	**860,381,691**	**812,877,506**	**845,463,295**	**803,620,534**
Distributable Reserves	728,358,383	678,274,506	722,000,314	680,300,424
Grants	4,875,173	4,563,661	5,190,207	5,981,354
Long-term loans	404,673	423,024	981,341	2,347,283
Provisions	126,743,462	129,616,315	117,291,433	114,991,473
Capital Employed	**860,381,691**	**812,877,506**	**845,463,295**	**803,620,534**

PEU Comments

Net income for the quarter amounted to E50.08m compared to a loss of E43.72m in the previous quarter, resulting in 215% increase. The increase in profit is a result of decrease in operational costs, and also the fact that MTN dividends amounting to E45.10m were received during the quarter under review. The stoppage of ‘ONE’ had a negative impact on the Corporation’s performance.

SPTC’s current ratio actually improved from 3.13 last quarter to 3.32 in the quarter under review. Its gearing ratio (Interest bearing debt/Equity) also improved from 0.001 last quarter to 0.00, indicating the company’s servicing its loan with STD Bank from an outstanding balance of E423, 024 last quarter to E404, 673 this quarter. Return on assets i.e. (net income/ total assets) also improved from 0.04 the last quarter to 0.06 in the current quarter. Staff costs decreased slightly relative to Total Expenditure from 0.33 the last quarter to 0.32 this quarter.

The Corporation’s asset base showed a decrease from E598.40m in the quarter ending March 2011 to E594.60m in the first quarter ending June 2011. The decrease is mainly a result of depreciation and decommissioning of some assets.

The period under review saw an increase in investments from E92.80m (March 2011) to E128.80m (June 2011). The increase is a result of MTN dividends received during the quarter under review.

The Corporation has one loan from Standard Bank Swaziland amounting to E3.50m relating to the vehicle lease arrangements and attracts a floating rate of Prime less 1.65 per annum.

There was an increase in current assets from E178.7 m to E196.10m. The increase is in sundry accounts receivables as a result of prepayments for some projects. Current assets excluding stock exceeded current liabilities by E72.60m (E131.7M – E59.1M).

Current liabilities increased during the quarter from E57.10m to E59.10m mainly due to the increase in the bank overdraft.

The cash flow position as at end of June 2011 was at E144.40m compared to E130.70m in the quarter ending March 2011. The increase is a result of the MTN dividends received during the quarter amounting to E45.10m.

SWAZILAND INVESTMENT PROMOTION AUTHORITY (SIPA)

Parent Ministry: Ministry of Commerce, Industry and Trade

SIPA reported as follows for the quarter,

Operational Review

- The period became the most challenging period for the Authority, being faced with trickling subventions owing to government's financial situation.

- Utility provision, turnaround time and maintenance continued to impede already operating companies in the country particularly water, telephone and mobile network and electricity. This had huge financial implications on business and SIPA had engaged and requested relevant service providers to investigate these issues and take necessary actions. Some companies occupying government factories had requested that diesel power generators are installed in the factories as a backup in case of power failure.

- SIPA continued to participate in several statutory committees and stakeholder meetings as well as hosting several workshops to discuss investment aftercare issues as well as prospective investments. These committees involve the weekly Cabinet Sub-Committee on investment in which SIPA is a secretariat.

- The One Stop Shop and Aftercare Model workshop was hosted under the auspice of the European Union. The workshop aimed to develop an effective "One Stop Shop" model for the country and to understand the importance of aftercare services in inward investment promotion and economic development.

- The Authority was working on conducting an investor profiling survey to update database. The survey would also assist SIPA in providing efficient after care services, identify potential opportunities for linking SMME and consolidate challenges faced by investors which will give a milestone in exploring possible solution and policy advocacy.

- The Human resources department finalized outstanding policies that had been identified as crucial in the smooth running of the Authority. These policies included staffing & recruitment, human training & development, performance management system and the industrial relations policies and procedures.

- A draft policy on Wellness and HIV/AIDS had been completed. The policy would contribute towards minimizing the social, economic and developmental consequences of pandemic diseases and ease the fear of life threatening diseases such as cancer, heart diseases, tuberculosis, chronic obstructive airways diseases, HIV/AIDS and others.

- A total of 11 companies were visited for the purposes of discussing and reviewing business operations, expansion programmes and constraints or challenges faced by the companies. The Authority had to tighten up rental collection and currently some legal actions had been instituted against non-cooperating tenants on premises leased by SIPA.

- Swazi Fruit Canners - a subsidiary of Rhodes Group of Companies is currently running its factory at 50% due to the loss of leased farms towards sugar cane farming and property. The proposed plan to urbanize the Malkerns area was also posing a threat to the company and had created uncertainty about the future of the company in Swaziland.

- Peterstow Aquapower – the company is continuing smoothly with its operations and is currently engaging with the potential customers of its mining hydro drills equipment. The first sale of its products is envisaged in 2012.

- One Textile Company – Juris Manufacturing based in Nhlangano had extended its operations creating a total of 300 jobs and it is in the process of recruiting more workers.

- Carapparel – a company that was based in Matsapha had closed down thus retrenching about 800 workers.

- To increase competitiveness of local enterprises in Swaziland, the Domestic Investment Department continued to pursue the linkage programme with SMME to large enterprises and large companies to their foreign counterparts and participated in a number of stakeholders forum to facilitate the programme. This had yield positive results as some linkages had already taken place among local and foreign companies.

- The Authority had received encouraging interest of investors wanting to open shop locally. A total of 22 companies are in the pipeline with four highly probable investors who have signed MoUs with the Swaziland Government.

- One company in the mining sector, Sulgaocar facilitated by SIPA commenced initial operations of Environmental Impact Assessment for processing and exporting dumps in the Ngwenya Iron Ore Mine after investor due diligence was conducted. The current license will last for 7 years.

Financial report

- The amount released to the income statement for the quarter amounted to E 2.83m compared to E3.37m received in the last quarter. This is due to implemented budget cut to the organization.

- Interest earned from interest bearing and investment accounts amounted to E2,663 compared to E 14,292 last quarter.

- Total expenditure for the quarter amounted to E2.21m compared to E2.18m last quarter. Budget for the quarter was E2.38m reflecting a positive variance of E173,500.

- There was a surplus of E80,326 compared to E1.21m last quarter.

Outlook

- The authority will investigate opportunities for vertical integration and promote linkages between domestic investors and Foreign Investors where such partnership will be mutually beneficial.

Financial Statements

Income Statement	2011 June 30	2011 Mar 31	2010 Dec 31	2010 Sept 30
Subvention	2,283,699	3,374,668	1,700,220	2,537,444
Other income	2,663	14,292	8,989	54,851
Total income & subvention	**2,286,362**	**3,388,960**	**1,709,209**	**2,592,295**
Expenditure	2,206,036	2,180,828	2,307,044	2,891,576
Surplus/Deficit	**80,326**	**1,208,132**	**-598,097**	**-299,281**
Balance Sheet				
Fixed Assets	431,321	465,171	452,219	410,365
Outstanding Grants				
Investment				
Current Assets	1,790,340	2,198,928	826,759	1,532,907
Current Liabilities	627,619	1,206,071	733,922	800,118
Net Current Assets/Liabilities	1,162,721	992,857	92,837	732,789
Employment of Capital	**1,594,042**	**1,458,028**	**545,056**	**1,143,154**
Government Grant	-	-	768,774	768,774
Reserves	-	-	-	374,380
Surplus/Deficit	**1,594,042**	1,458,028	-223,718	
Total Capital Employed	**1,594,042**	**1,458,028**	**545,056**	**1,143,154**

PEU comments

A surplus of E80,326 was realised compared to a surplus of E1.21m last quarter.

Due to the economic crisis faced by the country, luring foreign investment will be a major challenge for the country. Therefore the authority should be robust and study in executing its mandate of attracting, encouraging and facilitating local and foreign investment.

The closure of one company in Matsapha resulting to a loss of 800 jobs is really a threat to the country as it will increase the level of unemployment. It will also increase poverty among the Swazi people whilst government on the other side is trying very hard to eradicate poverty in the country.

SMALL ENTERPRISE DEVELOPMENT COMPANY (SEDCO)

Parent Ministry: Ministry of Commerce, Industry and Trade

SEDCO reported as follows for the quarter,

Operational review

- 10 business plans (17 previous quarter) were compiled. These businesses have a potential of creating 14 jobs, if granted funding by the financial institutions.

- 396 aspiring entrepreneurs were assisted as follows:
  - 55 Entrepreneurs received continuous monitoring in chicken production;
  - 47 Entrepreneurs received continuous monitoring in fruit tree production;
  - 39 Entrepreneurs received continuous monitoring in vegetable production;
  - 248 Received training in different development courses; and
  - 7 were assisted to access finance

- There were seven businesses assisted to access funding from various financial institutions, of which 5 were granted and 2 applications are pending. Loan requests amounted to E407,000 of which E297,000 was approved and E110,000 is pending.

- The One Household One Product campaign (OHOP) was introduced to five additional constituencies which are Matsanjeni, Maseyisini, Shiselweni 1, Zombodze and Kubutha (Nkwene, Mtsambama, Sandleni the previous year) in the Shiselweni region.

- A total of 2 businesses (7 previous quarter) entered into a contract for drafting of financial statements.

- SEDCO assisted 76 (83 previous quarter) entities with registration of their companies as well as facilitating the processing of 16 forms for entities. These registered entities have a potential of creating 152 jobs.

- A total of 92 people (342 previous quarter) visited SEDCO on different business related matters.

- 1,473 (2000 previous quarter) brochures and posters of “Start Your Own Business and Expand Your Existing Business” were distributed at Bhunya High School, Gucuka High School, Bulunga High School Gwamile Voctim and Siphofaneni Inkhundla.

- SEDCO continued with the “One Household One Product” campaign aimed at revitalising rural economies by encouraging individual households to produce commercial products in response to market demand within and outside their communities.

- The implementation of the OHOP program is on-going at Nkwene, Mtsambama, and Sandleni Tinkhundla Centres. The program was further introduced to Zombodze and Khubuta, Matsanjeni, Maseyisini, and Shiselweni 1 Tinkhundla Centres, where Community Resource Mapping has been conducted.

- 248 (21 previous quarter) aspiring entrepreneurs were trained in different business management related courses.

- SEDCO is aggressively promoting Swazi Craft and the aim is to enter the global market. The following activities were undertaken:
    - The Swazi Handcraft 2011/2012 Catalogue called Swazi Craft was released and distributed to all embassies;
    - An online shop for handcraft www.Shop.sedco.biz has been developed; and
    - Lubombo Region Craft Fair was held at Siphofaneni Inkhundla.

- SEDCO makes business presentations in schools and in tertiary institutions to help students consider self-employment as an option. Presentations were made to 473 students at Bhunya High School, Gucuka High School, Bulunga High School as well as Gwamile Voctim. Students were encouraged to start businesses while at school. Teachers were also requested to allow students to run micro businesses at their schools without disturbing the syllabus.

- Four entrepreneurs attended the Botswana SMME Fair held at Gaborone Fairgrounds from the 28th to 30th April, 2011. One official from SEDCO accompanied the entrepreneurs to this fair. These crafters were exhibiting their products during this event. Although they did not sell that much, they networked with people from the SADC Bloc.

- SEDCO staged a "Lubombo Craft Fair" at Siphofaneni Inkhundla from the 1st to the 2nd of April 2011, aimed at promoting handcraft in the Lubombo region. There were 22 groups of crafters from the Lubombo region who exhibited in the fair. The fair was officially opened by the Minister of Commerce, Industry and Trade representative, and the Principal Secretary in the Ministry. The event witnessed the presence of the Siphofaneni Inkhundla Member of Parliament, Lubombo Regional Secretary, and Chief Executive Officers from SWASA, SEDCO, and the Swaziland National Association of Arts and Culture.

- In promoting the handcraft sector, SEDCO has released the Swazi Handcraft 2011/2012 Catalogue called Swazi Craft in April, 2011 and is being distributed to all embassies. An online shop for handcraft (www.Shop.sedco.biz) has also been developed.

- Four (4) officers from SEDCO attended a conference organized by Local Enterprise Authority (LEA) of Botswana to discuss issues pertaining SMMEs in the SADC region. The following issues were discussed:
- Establishment of SMME Ministry within each SADC member country;
- Formation of Association of Non funding Business Development support agencies within SADC;
- Promotion of products and market diversification within the SADC region;
- Doing away with non tariff barriers within borders of SADC countries – such as long queues and stoppages along border gates;
- Creation of special zones earmarked for the development of SMMEs; and
- Encouragement of value chain to promote import substitution in each country.

Financial Situation

- A surplus of E436,578 was made against a quarterly budget of E130,774.

- SEDCO's revenue was E915,728 against a budget of E3.32m. Operational income consisting of rental income, training fees, consultancy fees, investment income and sundry income is 54% of the total income with 46% being subvention received from government. Subvention received amounted to E766,523 (33% only) instead of E2.3m. This is as a result of the prevailing economic conditions.

- The total operating expenditure made up of personnel costs and administrative costs amounted to E2.78m against a budget of E3.32m.

- Personnel expenses amounted to E1.39m against a budget of E1.85m. The favourable variance of 25% is attributable to vacant posts not yet filled.

- Administrative expenses amounted to E1.39m compared to a budget of E1.47m. There was a favourable variance of 13%.

Financial Statements

	2011	2011	2010	2010
Income Statement	**June 30**	**March 31**	**Dec 31**	**Sept 30**
Income	915,728	894,806	858,935	973,066
Expenditure	2,778,695	2,848,664	2,986,316	2,828,444
Operating Profit/Loss	-1,862,967	-1,953,858	-2,127,381	-1,855,378
Subvention	2,299,545	2,555,075	2,555,075	2,555,075
Surplus/Loss after subvention	**436,578**	**601,217**	**427,694**	**699,697**
Balance Sheet				
Fixed Assets	48,855,596	17,121,471	17,184,938	14,963,696
Investments	10,664,797	10,548,815	10,432,802	10,305,788
Current Assets	4,886,341	4,881,543	4,289,915	3,906,495
Current Liabilities	2,780,249	2,601,794	2,558,838	354,418
Net Current Assets	573,070	2,279,749	1,731,077	3,552,077
Employment of Capital	**66,626,485**	**29,950,035**	**29,348,817**	**28,821,561**
Share Capital	2,401	2,401	2,401	2,401
Retained Income	16,322,920	16,507,470	15,906,252	18,232,506
Fixed Asset Revaluation Reserve	41,269,115	9,408,115	9,408,115	10,586,654
Deferred Tax	4,032,049	4,032,049	4,032,049	-
Total Capital Employed	**66,626,485**	**29,950,035**	**29,348,817**	**28,821,561**

PEU Comments

SEDCO continues to be heavily dependent on government for income. A number of initiatives were identified and stipulated by SEDCO's strategic plan as measures to generate some form of income. Since SEDCO's dependence on government cannot be completely eliminated as the parastatal plays a developmental and facilitation role in the economy, there should be some form of balance in the ratios. SEDCO is encouraged to maximise its contribution to these roles as they have an impact on the economy of Swaziland. SMME's worldwide have been identified as engines for economic development and as such their development can contribute significantly towards the GDP of the country.

SEDCO must be transformed to a facilitating institution that will strengthen the establishment of and support for a network of independent, entrepreneurial private sector intermediary service providers, as well as create incubator units by providing the space and infrastructure for business beginners and innovative companies. This is in line with the strategic plan of the organisation which the Board of Directors must implement for the organisation to make a meaningful contribution to the economy of Swaziland.

Conciliation, Mediation & Arbitration Commission (CMAC)

Parent Ministry: Ministry of Labour and Social Security

CMAC reported as follows for the quarter,

Operational Review

- To accomplish its mandate of providing an effective, speedy, accessible and fair dispute resolution and prevention services which is necessary to ensure labour peace and economic growth, CMAC received and attended to 290 cases and 777 enquiries compared to 436 cases and 685 enquiries the previous quarter, respectively.

- The Commission's performance for the quarter is outlined below.

Key Performance areas	Targets	October to December 2010	January to March 2011	April to June 2011	Comments on target and previous quarter
Handled cases		417	436	290	33% decrease
Screened out cases	25% of handled cases	149	145	63	3% above target and 11% below previous quarter
Processing rate	95%	83%	62%	86%	9% off target and increased by 24%
Settlement rate	60%	49%	34%	43%	17% off target and increased by 9%
Pending cases	2%	12%	40%	45%	43% off target and declined by 5%
Arbitration duration	45 days	107 days	86 days	53 days	8 days off target and dropped by 33 days
Average conciliation duration	21 days	18 days	17 days	18 days	3 days on target and decreased by 1 day
Arbitration referrals	28 cases	10 cases	23 cases	16 cases	12 cases below target and decreased by 7 cases
Release of arbitration awards	21 days	38 days	38 days	32 days	11 days off target and declined by 6 days
Default judgments received	6	5	2	6 cases	on target but increased by 4 cases
Service of invitations	95%	89%	99%	100%	5% on target and increased by 1%

- The Commission continued to record an above average performance in the conciliation duration (18 days) and service of invitations with 100%. A significant increase was noted in the processing rate (86%) when compared to the previous quarter (62%) and settlement rate which indicated an increase of 9%.

- 34 arbitration cases remained active at the close of the quarter, with 16 new referrals and 15 awards issued.

- Dispute Distribution by Employment Sector remained fairly constant however a decrease in activity was recorded in retail, security and transport. On the contrary, construction (5%), parastatals (4%), Government (4%) and others (4%) showed an increase in activity by the percentage indicated along side.

- In the dispute distribution by category, unfair dismissal continued to dominate by 63% indicating a percentage increase when compared to the previous quarter (62%). It was again followed by unfair terms and conditions of employment at 29%. Unpaid wages increased by 11%, constructive dismissal 11%, terminal benefits 10% and others by 7%.

- The process of updating CMAC asset register was near completion and will be completed in August 2011. The outstanding offices for this exercise were Manzini and the Head office.

- In fulfilling its social responsibility of preparing students for significant professional positions, the Commission attached two students from the University of Swaziland on an internship programme which lasted for a period of six weeks.

- The Commission continued to use the Case Management System which has been running smoothly and effectively this far. CMAC was still anticipating full roll out of the WebCMS which was given another three months to finalization due to the technical difficulties faced by the CCMA team.
- In relation to the CMAC website, 6526 visits were recorded compared to 6052 the previous quarter of which 1690 were new visitors to the site. There were 14530 pages accessed compare to 14272 the previous quarter.

- The process of uploading of awards was still in process. There were 55 awards uploaded on the CMAC network whilst a batch of about 50 awards was being scanned in preparation for uploading. Above that, 251 Industrial Court judgements were uploaded on the CMAC network. These Industrial Judgements were also available on disk for easy access.

Financial Situation

- A deficit of E1.77m was recorded this quarter compared to a surplus of E27, 404 the previous quarter. This was due to the Commission receiving one month subvention (E787,072) instead of E2.36m budget allocation.

- Total expenditure incurred amounted to E2.62m compared to E2.44m the previous quarter. Budget for the quarter was E2.57m resulting in an adverse variance of 1%.

- Capital expenditure amounted to E27, 746 which included the purchasing of items for the new Executive Director.

Outlook

- In line with the Industrial Relations Act, the Commission is pursuing a process of appointing new auditors to replace KPMG who have served for their 3 year period. A recommendation for the appointment of auditors was prepared and submitted to the Minister for approval. The Commission still awaits appointment of the recommended auditors.

- Finalisation of the AON Umbrella Provident Pension Fund special rules was awaited.

Financial Statements

Income Statement	2011 June 30	2011 Mar 31	2010 Dec 31	2010 Sept 30
Income and Subvention	851,742	2,466,129	2,451,186	2,464,034
Expenditure	2,620,182	2,438,725	2,604,011	2,835,209
Surplus/Deficit	**-1,768,440**	**27,404**	**-152,825**	**-371,175**
Balance Sheet				
Fixed Assets	2,446,074	2,446,074	2,523,794	2,640,094
Investments	4,013,082	6,448,469	6,080,590	6,191,271
Current Assets	837,849	373,738	530,054	385,004
Current Liabilities	723,240	711,833	594,165	512,147
Net Current Assets/Liabilities	114,609	-338,095	-64,111	-127,143
Employment of Capital	**6,573,765**	**8,556,448**	**8,540,273**	**8,704,222**
Share Capital				
Government Subvention/other Grants	2,119,499	2,119,499	2,119,499	2,119,499
Retained Income	4,395,324	6,365,426	6,338,024	6,490,849
Long Term Loan	58,943	71,522	82,750	93,874
Total Capital Employed	**6,573,766**	**8,556,447**	**8,540,273**	**8,704,222**

PEU Comments

The Commission recorded a deficit of E1.77m compared to a surplus of E27, 404 the previous quarter. In their budget, the Commission had anticipated a deficit of E82,290 therefore resulting in an adverse variance of E1.69m. This was mainly due to the subvention received from Government being below budget by 67%, no services were rendered outside the mainstream (100% below budget) and interests also performing below budget. Above the decline in total income, the Commission's expenditure was also slightly above budget.

An improvement was noted in the key performance indicators when compared to the previous quarter. These included the screened out cases, processing rate, settlement rate, arbitration duration, release of arbitration awards and service of invitations. Although an improvement was noted when compared to the previous quarter, overall, the Commission's performance was below target in almost all the performance key indicators save for the screened out cases, conciliation duration and the service of invitations.

As an Organisation that highly depends on Government, the Commission has to intensify its services rendered outside the mainstream through marketing, in order to make money and be in a position to sustain itself.

SWAZILAND STANDARDS AUTHORITY (SWASA)

Parent Ministry: Ministry of Commerce, Industry and Trade

SWASA reported as follows for the quarter,

Operational Review

- SWASA now features on the operations plans of most entities and therefore has to reciprocate and complement all their related activities to which SWASA is constantly being invited to. This reciprocation costs to SWASA is fuel, telecommunications as well as programmes that SWASA has to develop in-house to respond to the needs of the stakeholder that is keen for standards advisory services.

- The involvement of SWASA in the formulation of the Science, Technology and innovation Policy portends a good future working relationship between SWASA and the Ministry of ICT. With the establishment of the Science and Technology Park, SWASA looks forward to providing as well as setting the standards that will guide the future technological uptake and innovation of the country.

- This coupled with the experience that SWASA had in Malaysia, on the competitiveness of SMME's, there is a lot that can be done under the aegis of the STI Policy. This also ties in well with the work that SWASA did with the Small Enterprise Development Company (SEDCO). Small and medium enterprises need constant persuasion and guidance, hence, the attendance of SWASA at the Siphofaneni craft show. Much of it was about re-invigorating the businesses in that area.

- It was more enlightening to realise that the message of standards needs to be taught in the SiSwati language and with the usage of many Swazi-relevant examples. Since then SWASA has seen a rise in the inquiries about assistance on the implementation of standards in the SMME sector. This requires the standards personnel to be highly skilled in the work that they do so that they can interpret the correct message to the Swazi stakeholder.

- The tight cash-flow situation made it difficult to freely go ahead with some of the items on the scheduled plan of operations, as these activities require that suppliers are regularly paid. As SWASA cannot pay on time it then caused management to be hesitant and uncertain of implementing some of the plans. Activities that were freely executed were those that came with the generosity of the EU Competitiveness and Trade Support Program of the International Trade department of the Ministry of Commerce.

- SWASA has garnered collaborations in various ways. Besides the usual writing of proposals and waiting for a response, the SWASA staff, have been schooled to be cutting-edge in skill and knowledge. This is especially true with the technical staff that is in constant contact with external stakeholders. One of the quality auditors was invited to DIN, the national standards body of Germany to be given lessons on 12 aspects of the business of a national standardising body.

- SWASA was invited to many notable meetings. These invitations came from UNISWA Students in Free Enterprise (SIFE), the SPS Project of the Ministry of Agriculture; Lutsango Swazi Ladies Association; Mhlosheni World Vision Cooperative Union: Botswana SMME Conference; Swaziland Environmental Day hosted by Swaziland Environmental Authority (SEA) and the Swaziland Red Cross Society. This shows that standards are indeed, cross-cutting.

- The Corporate Affairs Unit has seen quite an amount of activity with regard the Council meetings. The major event was the refresher course on corporate governance which was facilitated by a consultant, for the Council and the Management of SWASA. This being around the time of the end of the previous financial year, the Finance Sub-committee had to sit several times to look into pre-audit matters and the findings of the audit. The Technical sub-committee of Council also met to review the Management Systems Certification Process of the Quality Assurance department.

- Staff members have been nominated into the Sub-committees of SWASA to look at issues that concern their welfare. These committees are still to be capacitated on how to best adhere to their terms of reference as they have the potential to be misused to the detriment of the overall mandate of the organisation. The Staff Association still has to elect its executive committee that will be responsible for the terms of reference of the Association.

- The arrival of the Chief Financial Officer makes the management of these committees much easier as most of the issues that such committees raise ultimately have cost implications for the organisation. The CFO will be a member of the HR Development Committee and will be very instrumental at guiding the Executive Director on the financial checks and balances that have to be considered on any staff developmental venture.

- As the financial situation at government level continues not to improve, the SWASA Council continues to be at pain on how to improve certain employment conditions for the staff of SWASA. When the policies and procedures of the organisation were adopted in the last financial year, it was apparent that some of the stated conditions needed a budget that was healthier than the present level of subvention that government is giving SWASA. The staff has recently approached the Executive Director's office to request the conversion of a one-meal-a-day facility into a Medical Aid facility on the argument that the two bear the same cost to the Authority. The staff of SWASA has still to present the facts and figure to management to consider taking the proposal to Council.

- Due to some staff prolonged absences resulting from maternity leave and extended study abroad, SWASA had to consider engaging the services of two final year graduate students. This is on an experimental basis since SWASA is a new organisation that can hardly afford unskilled labour for extended periods. SWASA hopes to normalise this situation when the officer on maternity leave returns and more support is given on the remaining intern. The advantage here is that the people that have been taken on have completed their Bachelor of Science Degree training and have the potential to be fully employed by SWASA. A more interesting scenario was that of a second year student who volunteered to be on the SWASA premises and spend one week in each department. This was a requirement for the entry into the final year of the Bachelor of Science degree. This was aimed at giving a student a helicopter perspective of the whole organisation and getting feedback on the operations of the organisation as viewed by an outsider.

- The staff of SWASA from the various departments have been trained and exposed to capacity building exercises of all sorts. A workshop on the Energy Management standards was attended in the Republic of South Africa, an attachment at the Deutches Institute fur Normung (DIN) brought two new dimensions of capacity into SWASA. The SWASA WTO TBT Enquiry Point officer attended a course on the Marketing and Promotion of International standards, which was held in Kenya. This workshop capacitated the officer on the importance of advertising the use and reference of international standards in all economies of the world. A further workshop attended by the Executive Director in Germany strengthened the leadership of the organisation in terms of the further development of the Quality Infrastructure in Swaziland. Taking part in the Langkawi International Dialogue in Malaysia presented an opportunity for the leadership of the enterprise to converse with related institutions in Malaysia for possible collaboration with SWASA.

- Overall, the staff of SWASA continues to work diligently and harmoniously on the mandate of SWASA. The management team, now with the addition of the CFO will hopefully be more guided in expenditure, in light of the reduced subvention of the organisation.

- The Marketing Unit has the potential to consume a large portion of the budget especially for an organisation that is still developing like SWASA. There is a lot of advocacy that needs to be done by way of road shows, seminars, competitions and media appearances. SWASA has engaged in these activities in previous quarters and has achieved a lot of mileage. This was when the budget of SWASA was still adequate for the size of the organisation. As SWASA has grown, the budget has dwindled and not much SWASA initiated marketing can be done. Most of the marketing that is done is performed on the back of organisations like SEDCO and even then SWASA cannot dominate and remains low-key. However, SWASA continues to look for opportunities that may benefit SWASA and carry the name and mandate forward.

- In the absence of the substantive marketing officer, the marketing function is still being overseen by the Consumer Liaison Officer. This seems to work very well as these offices both have a public relations aspect to each of them. Besides not having to remunerate the marketing officer, this does in any case save the Authority some expenditure in that the Consumer Liaison Officer plans the activities to address both the mandates of the different offices. This gives the Authority an opportunity to realise more areas of synergy between the two offices and capitalising on them.

- Interactions that this office had were with consumers that were reporting sub-standard items that had been purchased on the Swazi market. These ranged from food items, farm implements, the Swaziland telephone services and cellular phone repair services that did not meet the expectations of the consumer. These consumer issues are of interest to the standards-writing unit which has to consolidate them and link them to the work of the standards Technical Committees. This also is of interest to the certifications department which is still trying to formulate a list of controlled goods for Swaziland. More information was collected by this unit from the Tinkhundla road shows that were undertaken in collaboration with the Small Enterprise Development Company.

- The Standards Approval Committee (SAC) met to deliberate on the proposed standards for the new financial year. Twenty projects were selected for the 2011/12 financial year most of which were concerned with the sale and handling of petroleum products in Swaziland. These standards were to be adopted as national standards since they are referred to in the Swaziland National Energy Bill. The petroleum experts in the country have widely consulted on the said standards and it only remains for SWASA to assist in their national endorsement through the relevant Technical Committee.

- It is a highlight for SWASA to get the recognition and cooperation of the Ministry of Health and Social Welfare. The adoption of the Health facility standards that have to do with Hospitals, Clinics and Health Centres promises a better health service delivery for the Swazi consumer. The wish of the Federation of Swaziland Employers and Chamber of Commerce to package the health services of the country and sell them in the region will be supported by the fact that the services are standardised and certifiable.

- The training function of the Technical department had quite some decent amount of activity. Through the provision of the EU Competitiveness and Trade support program, SWASA facilitated the training of 20 Swazi stakeholders to be trainers on ISO 22000. This was part of a 4 series program that will deliver trainers on HACCP, ISO 22000, GAP AND GLOBALGAP. This programme presents SWASA with the ability to develop her training function by having a database of national trainers as well as removing the burden to train from the shoulders of SWASA. The combination of the training function and the certification function under one national standards body is, according to international best practice, viewed as a source of conflict of interest. With this group of external trainers, SWASA will minimise the effect of this impression.

- SWASA continued to receive standards from ISO some of which were of relevance to Swaziland. The standards that are of interest in the economy of Swaziland are noted for use at the relevant time and for suggesting to stakeholders that would benefit from their national adoption. Due to the reduced budget of SWASA, the organisation is actively looking at ways in which the standards development process can be funded by industry or the direct beneficiaries of the standards. One way that the costs of standardisation can be curtailed would be by getting the employers of the TC member to sponsor their attendance of the TC meetings or to get the companies to host the TC meetings themselves. This is a comprehensive exercise that would need total conviction of the captains of industry that this is indeed their responsibility. Now that SWASA has 23 national standards, in the next quarter SWASA will engage in activities that will advocate for the use of these standards by economic players.

- The challenge that the Technical department faces is the warning of the TC members' enthusiasm to take part in the TC work. The recycling of the same TC members also poses the threat of complacency and reduction in due diligence. It is therefore very important to attract new people into the standards-development process each year. In the next quarter SWASA hopes to get new TC members at the TC member orientation workshop. This workshop has become an annual event at SWASA and it takes the format of an open day characterised by presentations from all the departments of SWASA.

- The Quality Assurance department had minimum activity more especially because its full development requires the cooperation of other organisations of a similar nature in the region. Most of the work done in this department was desk-based. It is fortunate that the staff of this department has been with SWASA for the better part of its four years and they have been extensively trained hence, they can be deployed to act in areas where there are inadequacies in technical staff.

- The Management Systems certification policies and procedures have been presented to the SWASA technical sub-committee and some rectifications have been suggested before it can be finalised. The problems with the initial presentation was the costing model that had to be adopted for the certification services, the contracts that guide the process and the fact that the certification auditors are still under development. The main activity that has to be done for this system is to consult potential auditors that could be contracted to perform the audits on behalf of SWASA certification services. This will require a concise computation of the certification fees which will include the fees for the sub-contractors. It is very important that the fees that SWASA can offer the local economic players are competitively priced for a competitive quality service delivery. In the next quarter, the Quality Assurance Manager will attend a workshop in Central Africa at which he will learn how to set up Policies and Procedures for a Product Certification Scheme. It is hoped that this will also assist in the final polishing up of the Management Systems certification Scheme of SWASA.

- The Consumer and Public Interest Unit was formed to provide link for the public into SWASA. It is armed with the SWASA toll-free line that gives the public access to the advisory services. It is also a siphon of information from the public into the internal processes of SWASA such as standardisation, testing-facilitation, stakeholder training and certification. The information that comes into this Unit is regularly analysed by management and responded to. For this to happen properly, policies and procedures were, developed.

- The proposal of the Consumer Protection Bill to the Ministry of Commerce Industry and Trade falls within Consumer and Public Interest Unit.

- An exercise aimed at finding out if the Competition and the Fair Trading Acts of Swaziland do adequately cover the needs of the consumer as would a dedicated Consumer Protection Act was carried out this quarter. It is hoped that the results of this analysis would have been tested and augmented by the end of the next quarter. The Consumer Protection Act of South Africa is being used as a model Act as the two economies are contiguous with each other. It would, however, be more ideal to compare with a similar Act of an economy the size of Swaziland such as Mauritius. The Public is in any case calling for the promulgation of a consumer protection piece of legislation which does fall within the Commerce Ministry and has a strong bearing on issues of standards and hence requires full support and input from SWASA.

- Due to the inability of SWASA to own testing facilities such as laboratories and yet the founding Act dictates that SWASA must provide testing facilities, within SWASA there exists the Testing and Laboratories Services Unit that was formed to respond to this mandate by any possible legitimate ways. One of these ways is to establish a series of MoU's with laboratories that are existing in the economy of Swaziland and assisting them to reach the level of credibility to be usable for the purposes of a national standards body. Due to prolonged periods that have been seen in this Unit to close testing matters, new policies and procedures have been developed for it. These procedures will be tested in the coming quarters and it is hoped that testing MoU's will be concretised and ultimately become functional for the benefit of the general public. This will need that laboratories of the country become organised.

- The Executive of the National Laboratory Association of Swaziland has met several times to chart the way forward for the association. SWASA has helped to develop this organisation for the very reason that it needs to complement the efforts of the Testing and Laboratories Unit. Such efforts include the capacity building on each laboratory to adhere to the principle of ISO 17025; the participation in a relevant Proficiency Testing Scheme and registration onto the national laboratory equipment database. This scheme of national laboratory activities will formulate the backdrop against which the standards of testing and laboratory services in Swaziland will be upgraded so as to gain the confidence of Swaziland trading partners.

- During the course of the last three quarters, the Quality Assurance department has experienced an overall stagnation in development. This is indicated by the fact that the initial projection of the SWASA developmental plan it would have issued its first certificate by March 2011. The budget cuts are the major contributor to the slow development which is fast threatening the organisation to be viewed as irrelevant. It would not even help to cut corners as this would have a long-term damaging effect to the organisation as a national third party certifying agent.

Financial Situation

- SWASA made a surplus amounting to E248,070.

- Expenses totalled E1.76m

Outlook

- SWASA has plans to move the organisation to more affordable premises in the coming months. SWASA hopes to make a savings on the amount spent on rent so that some relieve could be felt on the operational budget.

- SWASA intends to leverage the assistance that is offered by the EU competitiveness and Trade support Program to develop the Training Unit of SWASA so as to be able to establish a fully fledged training department that offers accredited standards-based training courses.

- SWASA has, in collaboration with a UNIDO-seconded expert, developed a project document that is aimed at improving the Quality Infrastructure of Swaziland. For this project to be successful, certain policy changes need to be pronounced by the Ministries of Agriculture (MoA) and that of Commerce, Industry and Trade (MoCIT) as the project calls for collaboration and sharing of facilities between SWASA and some of the MoA departments.

- The Laboratories Unit of SWASA is still to identify more accredited laboratories outside Swaziland with which affordable testing rates can be negotiated on behalf of the Swazi clients. This would enable SWASA to have a known and consistent costing model for the test facilitation which would then assure SWASA the volume of tests that external laboratories need to grant discounts. The Unit successfully developed its operational policies and procedures. Due to the paucity of the testing traffic in the department it is becoming more apparent that the unit needs to either be fused with another one or have its mandate totally transformed. As the UNIDO project on metrology is still pending, time will tell on the fate of the Unit. It is hoped that it will become a focal point for the metrology project.

- The future plans of the Technical department include the close collaboration with other government Ministries on the standardisation of their technical regulations and the training of their staff on the principles of standardisation. The successful training of the staff of the Civil Aviation Authority on ISO 9001:2008 was another rewarding activity for the department. It was hoped that this would lead to further training on other standards-based courses for the new aviation authority.

- On the 14th of October, SWASA will be celebrating World Standards Day. This is a very important day for both the public and the private sector. An attempt will be made to get private industry to fund this celebration.

Financial Statements

	2011	2011	2010	2010
Income Statement	**June 30**	**March 31**	**Dec 31**	**Sept 30**
Income (Subvention)	1,935,000	1,700,220	1,700,220	1,700,220
Other Income	69,740	-	1,589	47,678
Expenditure	1,756,670	1,655,800	1,638,040	2,209,791
Surplus/Loss after subvention	**248,070**	**44, 420**	**63,769**	**-461,893**
Balance Sheet				
Fixed Assets	1,434,991	1,616,237	1,550,616	1,522,266
Current Assets	1,507,497	261,985	353,626	88,496
Current Liabilities	1,532,730	421,221	304,643	47,619
Net Current Assets	-25,233	-159,236	48,983	6,742
Employment of Capital	**1,409,758**	**1,457,001**	**1,599,599**	**1,563,143**
Retained Income	1,409,758	1,457,001	1,599,599	1,563,143
Total Capital Employed	**1,409,758**	**1,457,001**	**1,599,599**	**1,563,143**

PEU Comments

The current ratio was 0.02 (0.6 in the previous quarter) meaning that SWASA is unable to meet its short term liabilities because of its liquidity position being too tight. Current liabilities were high at the end of the quarter at E1.53m which means that SWASA was unable to pay with the current ratio of 0.02.The enterprise is considered not to have good short-term financial strength. Some expenses are not settled in order to remain with operating cash flow until the receipt of the next subvention. It is noted that SWASA intends to leverage the assistance that is offered by the EU competitiveness and Trade support Program to develop the Training Unit of SWASA so as to be able to establish a fully fledged training department that offers accredited standards-based training courses. These would open doors for some income generating ventures for the enterprise.

SWAZILAND COMPETITION COMMISSION

Parent Ministry: Ministry of Commerce, Industry and Trade

The SCC reported as follows for the quarter,

Operational Review

- In order to meet its operations, the Commission was initially allocated a budget, of E1.7m falling way too short of what would be required for its operations. This necessitated negotiation with the Ministry of Finance which saw an additional offer of E2m being availed resulting in the final budget being E3.7m.

- The Commission is yet to engage the services of a Chief Executive Officer. In the interim however, in order to ensure the operationalization of the Commission, the Chief Executive Officer has been appointed on an acting basis. Even though the Commission is still far from having its full staff complement, recruitment and engagement of key positions have been completed. These are:

    - Manager Enforcements and Cartels;
    - Manager Mergers and Acquisitions;
    - 2 Junior Officers; Junior Investigator and Junior Analyst;
    - Personal Assistant;
    - Secretary;
    - Receptionist;
    - Driver; and
    - Cleaner.

- On implementation of polices, the Commission developed the learning and development policy in recognition of the need to embark on the development of staff members. The policy ensures that the Commission consistently enhances its core competencies and that management and staff members possess relevant occupational competencies. In addition, the Policy ensures that the Commission has clear guidelines in terms of which learning and development matters can be dealt with and in the best interest of the Commission and its staff members. It encompasses Academic qualifications, short courses, that is, Certificates and Diplomas, and on-the-job-training.

- As such, under the Graduate Trainee Program, the Commission has engaged the services of five (5) interns with the purpose of having skills transfer in Competition Law and Policy. Such a program is critical and is necessitated by the specialised and peculiar nature of Competition issues. The graduate program is for one year and there is potential long term engagement of the graduates depending on the availability of funds.

- In the month of June 2011, 3 staff members attended the 3 day long 4th Regional Training Workshop on Competition and Consumer Policy, in Botswana which was fully funded by the SADC and the EU. The training covered investigative procedures, the overlap between Intellectual Property Law and Competition Law as well as Consumer and Competition Matters.

- On mergers, as pointed out by the Competition Act 2007, a Merger means "the Acquisition of a controlling interest in:

    - Any trade involved in the production and distribution of any goods or services; or
    - An asset which is or may be utilised for or in connection with the production or distribution of any commodity."

- In following its internal and external merger guidelines with the purpose of fulfilling its mandate, of authorising Mergers and Acquisitions the Commission is pleased to report that it has successfully approved five (5) Mergers, these are:

    - ***Acquisition of Score Supermarkets (Trading) (Swaziland) (Pty) Limited by Boxer Superstores (Pty) Limited.***

- The above two entities are in the retail business under the Pick ‘n Pay Group of companies and the Commission approved a transaction where the latter sought to purchase the entire issued share of the former.

    - ***Acquisition of Freeworld Plascon Swaziland (Pty) Limited by Kansai Paint Company Limited.***

- This was a hostile takeover in the Coatings Industry where Kansai Paint Company Limited sought to purchase the remaining issued share capital of Freeworld Coatings Limited, which has as its subsidiary Freeworld Plascon Swaziland.

    - ***Acquisition of Glenrand MIB Limited by Aon South Africa (Propriety) Limited.***

- The transaction was an indirect acquisition of control by Aon South Africa over Glenrand Swaziland as a result of a transaction that took place in South Africa.

    - ***Acquisition of shares by Swaziland National Provident Fund (SNPF) from Happy Valley (Propriety) Limited and Motel Enterprises (Propriety) Limited***

- The Parastatal SNPF acquired 51% shareholding in Happy Valley Enterprises, the Fund will have direct control of the hotel business of Happy Valley Enterprises. The principal purpose of the acquisition is to enhance the Swazi Economy through the recapitalisation and to broaden the investment base of the Fund.

    - ***Acquisition of control of Cadbury Swaziland (Pty) Limited by Chapelat Swaziland (Pty) Limited.***

- Chapelat and Cadbury Swaziland entered into a sale of business agreement where Chapelat purchased from Cadbury Swaziland the business as a going concern. This was part of Kraft foods internal restructuring of its subsidiaries. Total revenue received by the Commission from the notification fees of the above mentioned mergers is E1.12m.

Financial situation

- There was a net surplus of E2.81m after having received a subvention of E2.0m. Own revenue derived from fees amounted to E1.39m and other income of E2, 330.

- Expenditure for the quarter stood at E582, 632, indicating increases in their wage bill of E303, 680 due to recruitment of staff.

Outlook

- The main challenge that the Commission has been faced with is financial constraints as a result of the Government’s Fiscal position. The revenue accrued however, from the earlier mentioned mergers has assisted the Commission in meeting some of its obligations. It should be pointed out that irrespective of the revenue, it is imperative that a more substantive Government subvention in the coming financial year be availed in order to ensure the survival of the Commission.

Financial Statements

Income Statement	2011 June 30	2011 March 31	2010 Dec 31
Income	**3,393,810**	**2,978,224**	**2,304,801**
Subvention	2,000,000	1,425,000	1,425,000
Other Income/fees	1,393,810	1,553,224	879,801
Expenditure	**582,632**	**2,210,037**	**1,268,445**
Operating Profit/Loss	**2,811,178**	**768,187**	**1,036,356**
Balance Sheet			
Fixed Assets	660,734	674,501	699,749
Investments			0
Current Assets	5,132,409	2,560,291	2,566,839
Current Liabilities	75,896	268,723	0
Net Current Assets	5,056,513	2,291,568	2,566,839
Employment of Capital	**5,717,287**	**2,966,069**	**3,266,588**
Capital and Reserves	2,906,069	2,230,224	2,230,224
Retained Income	2,811,178	735,845	1,036,356
Capital Employed	**5,717,247**	**2,966,069**	**3,266,588**

PEU Comments

Although the SCC is a young and teething organization, it has been able to generate E1.39m in fees this quarter and E1.55m last quarter and E2, 330 in other revenue. There was some recruitment of staff in the quarter, but the SCC has not yet had a full staff complement. It had an operating surplus of E2.81m compared to E768, 187 last quarter. We urge the SCC to recruit a substantive CEO for the organization as required.

UNIVERSITY OF SWAZILAND (UNISWA)

Parent Ministry: Ministry of Education and Training

UNISWA reported as follows for the quarter,

Operational Review

- The end of year exams were held successfully in May 2011 and the results were released in June 2011.

- The University introduced two new programmes that will start at the beginning of the new academic year. The two programmes are a Certificate in Psychosocial Support and a PhD in Agricultural Education and Extension.

Capital Projects

- Academic Precinct Development at Uniswa – Kwaluseni – The Physical Planning Department was in the process of procuring equipment to be used in the building. Orders were sent to manufacturers and some equipment has been delivered. Installation and commissioning will be done when all the equipment has been received.

- Expansion of Teaching Space and Offices at Uniswa - Luyengo – The project reached practical completion. The contractor was finalising the ceiling in the veranda for the Multi-Purpose Hall.

- Kuwait Sports Emporium at Uniswa– Kwaluseni - The project was nearing completion and the targeted completion date was 31st July 2011. Outstanding work included the completion of the aluminium cladding, hanging of foldable doors, and tiling of the swimming pool and procurement of the gym equipment.

- National Crop Production Centre – Luyengo – This project was nearing completion and the targeted completion date was 31st July 2011. However, work may have been suspended due to lack of funds caused by non-receipt of the requisited funds from Government.

- Women's Agricultural Hostel – Luyengo – The project had reached practical completion and was in a habitable state.

- Rehabilitation of Infrastructure and Equipment at UNISWA – The rehabilitation of the Library roof was not progressing well due to the non-availability of funds. Funds for rehabilitation were requested from Government, however due to cash-flow challenges; there were no funds to carryout the rehabilitation of the projects. The Library work may have to be suspended if the situation does not improve.

Financial Situation

- A deficit of E36m was realised compared to a deficit of E8.36m the previous quarter.

- Total revenue for the quarter amounted to E48.32m compared to E79.81m the previous quarter. Budget for the quarter was E82.05m resulting in an unfavourable variance of E33.73m.

- Total operational expenditure amounted to E84.33m compared to E88.17m the previous quarter. The budget for the quarter was E82.05m resulting in a negative variance of E2.29m. This was due to administrative and other expenses performing above budget.

Outlook

- The next academic year will commence in the next quarter, with orientation for new students being held in the first week of August 2011.

Financial Statements

Income Statement	2011 June 30	2011 Mar 31	2010 Dec 31	2010 Sept 30
Income	4,987,802	19,414,990	56,458,984	9,931,961
Expenditure	84,329,306	88,172,395	86,551,663	84,626,484
Operating Profit/Loss	**-79,341,504**	**-68,757,405**	**-30,092,679**	**-74,694,523**
Subvention	43,336,932	60,396,277	85,396,277	60,396,277
Surplus/Loss after subvention	**-36,004,572**	**-8,361,128**	**55,303,598**	**-14,298,246**
Balance Sheet				
Fixed Assets	156,183,378	133,727,331	133,326,422	124,023,905
Investments	13,046,278	8,058,025	7,800,105	7,695,789
Current Assets	58,387,602	66,541,674	150,680,597	96,651,871
Current Liabilities	102,916,550	109,604,397	158,241,548	151,445,905
Net Current Assets	-44,528,948	-43,062,723	-7,560,951	-54,794,034
Employment of Capital	**124,700,708**	**98,722,633**	**133,565,576**	**76,925,660**
Non Distributable Reserves	84,545,677	46,645,928	46,645,928	46,645,928
Distributable Reserves	-21,886,584	7,714,337	44,693,391	-7,558,089
Other Funds	42,951,315	5,126,913	3,310,814	3,259,400
Long Term Liabilities	19,090,300	39,235,443	38,915,443	34,578,421
Total Capital Employed	**124,700,708**	**98,722,621**	**133,565,576**	**76,925,660**

PEU Comments

Compared to a deficit of E8.36m realised the previous quarter, the Institution's profitability further declined resulting in a deficit of E36m this reporting period. This was a result of a 79% decline in other income as this marked the end of the academic year therefore income was only realised from other sources and the Institution receiving 72% of the Government subvention.

To fulfil its mandate of establishing new academic programmes designed to meet the emerging needs of the society the Institution introduced two new programmes (Certificate in Psychosocial Support and a PhD in Agricultural Education and Extension) that will start at the beginning of the new academic year.

Following the financial crisis faced by Government, the Institutions capital projects have not been performing well. A lot of the capital projects are delayed by lack of funds or delays by the release of funds by the Government of Swaziland. If the present situation continues to prevail, the Institution will be forced to suspend the projects which will have negative effects in the long –term (increased project costs).

SEBENTA NATIONAL INSTITUTE (SEBENTA)

Parent Ministry: Ministry of Education and Training

Sebenta reported as follows for the quarter,

Operational Review

The Statistics Quarterly report for the end of June 2011.

Table (a)

Details	Classes		Facil		Learners		Females		Males		Females10-18		Males10-18	
Regions	S	E	S	E	S	E	S	E	S	E	S	E	S	E
Mbabane	21	44	15	15	211	232	100	93	47	85	28	23	36	31
Piggs Peak	2	10	2	6	26	108	22	41	4	26	0	14	0	27
Manzini	10	15	18	14	236	215	177	110	27	94	16	7	16	4
Sidvokodvo	7	6	13	7	254	111	207	103	44	6	2	2	1	0
Hlutie	14	18	14	18	225	170	187	150	20	6	12	9	6	5
Nhlangano	5	5	5	5	83	62	54	43	9	6	10	6	10	7
Siteki	28	17	28	17	414	276	303	203	45	45	32	15	34	13
Big Bend	18	16	18	16	321	328	221	232	73	65	27	8	23	2
Mankayane	11	6	9	6	177	71	70	27	12	23	8	4	15	4
Sub-Total	116	137	122	104	1922	1525	1341	1012	281	356	135	88	141	93
Grand-Total	253		226		3447		2353		637		223		234	

Comments:

The table shows that the female young learners who are age 10 – 18 are 6% of the total learners and the male young learners whose age are 10 – 18 years are 7% of the total learners.

Table (b)

Details	NUPE		Skills program me					
Regions	Class	Learners	Sewing		Carpentry		Building	
Mbabane	21	95	3	44	1	10	1	8
Piggs-Peak	3	29	-0-	-0-	-0-	-0-	-0-	-0-
Manzini	3	49	-0-	-0-	-0-	-0-	-0-	-0-
Sidvokodvo	-0-	-0-	3	30	-0-	-0-	-0-	-0-
Hlutie	-0-	-0-	8	58	-0-	-0-	-0-	-0-
Nhlangano	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Siteki	1	9	3	53	-0-	-0-	-0-	-0-
Big-Bend	-0-	-0-	1	14	1	6	-0-	-0-
Mankayane	1	16	-0-	-0-	-0-	-0-	-0-	-0-
Grand-Total	29	198	18	199	2	16	1	8

Comments:

The above table (b) is also included in table (a) it is just separated to indicate that NUPE and the skills classes are there operating as shown in table (b).

Table(c) Achievements:

Details	SiSwati	English	Skill Programme

Regions	S	Basic	Post	Sewing	Carpentry	B
Mbabane	3	10	2	-0-	-0-	-0-
Piggs-Peak	-0-	-0-	-0-	-0-	-0-	-0-
Manzini	-0-	-0-	-0-	-0-	-0-	-0-
Sidvokodvo	35	-0-	-0-	-0-	-0-	-0-
Hlutie	23	10	6	-0-	-0-	-0-
Nhlangano	11	11	-0-	-0-	-0-	-0-
Siteki	-0-	-0-	-0-	-0-	-0-	-0-
Big – Bend	34	6	-0-	7	7	-0-
Mankayane	-0-	-0-	-0-	-0-	-0-	-0-
Grand - Total	106	37	8	7	7	-0-

Note:
Table (c) indicates that some of the other regions have issued certificates in their regions. Most classes have completed both SiSwati and the English classes.

Certificate presentations coverage
Coverage was provided on certificate presentations as per the following table:

DATE	VENUE	GUEST
6 May 2011	Mpholonjeni Inkhundla	Minister of Foreign Affairs and Trade Honourable Lutfo Dlamini
12 May 2011	Ethemba (Ejikweni)	Indvuna yeNkhundla Enock Mamba
28 May 2011	Mpholonjeni Care Centre	MP Motjane Inkhundla represented by Bucopho Babe Hadzebe

- The Institute provides basic and post basic literacy education to orphaned and vulnerable children, youth and adults throughout the Kingdom. This basic plus post basic education has expanded to accommodate the provision of Non formal Primary Education to over aged children and young adults for Grade Seven equivalent exam.

- During the quarter under review NUPE and life skills classes have been found to be operating fairly well. The aim of this project is to ensure that all orphaned and vulnerable children have access to basic literacy, life skills and Non-formal Upper Primary Education (NUPE).

- The Institute assisted by JBH Consultants developed a 2011-2014 strategic plan. A participatory approach was used in its development. Participants who contributed in the development of the Strategic plan include Sebenta National Institute Board of Directors and Heads of Departments.

- Sebenta National Institute is negotiating collaboration with the Swaziland Bible Society in enhancing teaching and learning whilst spreading the Word of God.

- The Institute is working with the Deputy Prime Minister's Office in the provision of literacy education to the out of school children. The Institute is working closely with the Gender Unit and the National Children Unit.

- The Institute has further strengthened her relationship with His Majesty's Correctional Services in the provision of literacy. Currently the number of learners (inmates) enrolled in our programme is 193.

- In the review and alignment of the non formal curriculum with formal primary curriculum, Sebenta has identified a consultant for the exercise. This project is fully sponsored by UNICEF.

- As means of improving sustainability, the Institute has the following income generation projects:
  a) Catering and Accommodation:
     This department still continues to generate income through renting out the facilities and cooking lunch for staff and the public. The department further provides catering services for workshops held within the institute. E7, 315 has been generated from catering.
  b) Print shop:
     The Printing Department as a supporting unit is used to print and publish Literacy Materials and other office print-works necessary for running the Institute. In addition to this, the print shop extends its services to the external market. An income of E60, 695 has been generated from print works.
  c) Registration and Tuition:
     E27, 116 has been generated from registration and tuition.

Financial Situation

- As shown by the financial statement, the subvention received at E755, 306 instead of E1.18m is less than the operational expenses, and this resulted to a deficit of E685, 146.

- Total expenses amounted to E1.58m compared to E1.83m in the previous quarter as shown by the income statement.

Outlook

- With the introduction of the Free Primary Education in the country, the Ministry of Education is partnering with Sebenta to support the NUPE Programme for over-aged children. Sebenta has begun the roll-out of the programme in its second year with its teething problems.

Financial Statements

	2011	**2011**	**2010**	**2010**
Income Statement	**June 30**	**March 31**	**Dec 31**	**Sept 30**
Revenue	142,696	204,695	89,708	97,418
Expenditure	1,583,146	1,830,624	1,673,282	1,841,083
Operating profit (Loss)	-1,440,450	-1,625,929	-1,583,574	-1,743,665
Grants/Donations	0	0	0	186,062
Subvention	755,306	1,118,000	1,118,000	1,682,960
Surplus/Loss after Subvention	**-685,146**	**-507,929**	**-465,574**	**125,357**
Balance Sheet				
Fixed Assets	2,311,846	2,346,388	2,356,469	2,386,810
Investments				
Current Assets	1,867,826	2,589,794	2,986,474	3,403,241
Current Liabilities	2,040,596	2,727,957	2,626,790	2,597,894
Net Current Assets	-172,770	-138,163	359,684	805,347
Employment of Capital	**2,139,076**	**2,208,225**	**2,716,153**	**3,192,157**
Accumulated Surplus	-61,281	-45,255	462,674	928,248
Grant Finance	710,264	763,387	763,387	773,817

Revaluation Reserve	1,490,093	1,490,093	1,490,093	1,490,093
Capital Employed	**2,139,076**	**2,208,225**	**2,716,153**	**3,192,157**

PEU Comments

Sebenta's current ratio (current assets/current liabilities) is not very strong at 0.91:1 and was 0.94:1 last quarter, indicating that there could have been some liquidity problems compared to last quarter at which it was also below unity. A ratio of 2:1 and above is more preferred. The subventions are very important to Sebenta as it can be noted that they have huge operating losses at E1.44m for the quarter and E1.62m last quarter. The development of a strategic plan by the organization is applauded as it will give direction to the many problems it faces both operationally and financially.

The Institution is assisting Government in the Free Primary Education roll-out in catering for the over–aged students through NUPE, from which they can then be integrated into the normal school system after having reached the required levels. This is praiseworthy for the nation's developmental effort.

PIGGS' PEAK HOTEL AND CASINO (PPH)

Parent Ministry: Ministry of Tourism and Environmental Affairs

PPH reported as follows for the quarter,

Operational Review
- The company had two tenants (Orion Hotels and Casino Enterprises).

Financial Situation
- There was a decrease in operating surplus from E928, 253 last quarter to E466,525 this quarter.

- Orion Hotel was still owing rent from April to June amounting to E857,435.52. This increased accounts receivable from E343,365 to E989,681. On top of this Orion Hotel still owe an amount of E133,283 for furniture. When contacted on the payment Orion has been citing cash-flow problems.

- Total expenses amounted to E651,790 compared to E194,961 the previous quarter.

- The Company owes the Public Enterprises Loan Guarantee Fund and payment will be made once their audited accounts are up to date.

- The Company also owes Swaziland Revenue Authority an amount of E221,593 for customs and excise.

Outlook
- The Company was in the process of evaluating diversification of its income sources. This was going to be incorporated in their strategic plans.

- The current status of the hotel forced the Company to engage contractors to renovate it and approval to do the renovation was still to be approved by Government. The proposed renovation will be financed by one of the financial institutions.

- Piggs Peak Hotel accounts were last audited in 2004.

Financial Statements

	2011	2011	2010	2010
Income Statement	**June 30**	**Mar 31**	**Dec 31**	**Sept 30**
Rent received:	900,307	900,307	845,743	818,461
Interest received	216,501	222,907	218,662	240,279
Sundry Income	1,506	-	-	-
Total Income	**1,118,314**	**1,123,214**	**1,064,405**	**1,058,740**
Expenses	651,790	194,961	226,449	90,292
Net Profit/ (Loss)	**466,524**	**928,253**	**837,956**	**968,448**
Balance Sheet				
Fixed Assets:				
Land & Buildings	18,042,534	36,000,000	36,000,000	36,000,000
Computer Equip.	6,604	35,681	35,681	35,681
Office Equipment	3,187	5,980	5,980	5,980

Operating Equipment	249,939	333,135	333,135	333,135
Furniture & Fittings	302,567	403,297	403,297	403,297
Other non-current	893,733	1,300,765	1,300,765	1,300,765
Investments	11,963,896	11,801,673	11,638,040	11,457,494
Deferred Tax Asset	962,650	962,650	962,650	962,650
Current Assets				
Accounts Receivable	1,377,672	342,365	562,700	607,121
Cash and Cash Equivalents	9,119,721	8,878,305	7,872,812	6,969,926
Other	-	11,240	11,240	11,240
Total	**10,497,394**	**8,446,752**	**8,446,752**	**7,588,287**
Current Liabilities				
GST Provision	221,593	221,593	221,593	-
Taxation payable	-	16,056	16,055	16,055
Suspense Account	1,798	1,798	1,798	1,798
Total	**223,389**	**239,446**	**239,446**	**17,853**
Net Assets/Liabilities	**10,274,005**	**8,207,306**	**8,207,306**	**7,570,434**
Vat/ Tax Control	-	96,068	96,068	96,068
Total Assets	**42,699,114**	**59,963,824**	**59,035,571**	**58,197,615**
Share Capital	2	2	2	2
Accumulated Income	10,201,784	23,782,623	23,782,623	23,782,623
Net Profit for year	-	3,683,872	2,755,618	1,917,662
Non- Current Liabilities				
Long-term Loan	175,391	175,391	175,391	175,391
Other Long-term Liabilities				
Revaluation Reserve	32,321,937	32,321,937	32,321,937	32,321,937
Total Equity & Liabilities	**42,699,114**	**59,963,824**	**59,035,571**	**58,197,615**

PEU Comments

Orion is in breach of the rental agreement with Piggs' Peak Hotel by virtue of not having paid rent from April to June 2011 citing cash flow problems.

The Board is expected to come up with a strategic plan for the Hotel. In the plan it is hoped that they will include a program of renovating the Hotel on time. They will also need to come up with ways of improving the facility.

It is worrying that the accounts of Piggs' Peak were last audited in 2004 when there has always been a Board that is supposed to ensure that these are done and submitted as required by the law.

SWAZILAND TOURISM AUTHORITY (STA)

Parent Ministry: Ministry of Tourism and Environmental Affairs

STA reported as follows for the quarter,

Operational Review

- International visitor arrivals recorded 325,769 visitor arrivals compared to 327,510 registered during the same period in 2010 reflecting a minimal decline of 0.5%. This negative performance was a relative improvement from the -0.8% noted in the first quarter. April was a significant month of growth in terms of visitor numbers. A growth of 6.3% was recorded, with 125,627 arrivals compared to 118,227 arrivals received in April 2010. Markets leading in this exceptional performance include RSA (13%), Malawi (27.4%), Tanzania (19.9%), China (18.5%), Germany (39.9%) and Norway (39.1%). However, overall visitor arrivals from traditional markets in Europe (-10.8%), the Americans (-13.4%) and the Middle East (-35.4%) regions were discouraging during the period.

- The month of May continued with the positive trend recording an increase of 2.9% to 105,516 arrivals. In particular, European traditional markets Belgium (5%), France (6.3%) and Switzerland (31%) made substantial recoveries from the earlier declining trend. Sub-Saharan markets such as Botswana (11.7%), Malawi (26.5%), RSA (7.1%) and Tanzania (7.1%) continued to give star performances. Emerging markets such as India (32%) and Australia (3.2%) also registered significant increases in arrival numbers.

- June was a bad month for international visitor arrivals in Swaziland, with visitor numbers down by 11.3% when compared to June 2010. The slump was mainly resultant to the sharp drops from South Africa (-7.6%) and Mozambique (-18.9%). In addition, European (-25.9%) and the Americas (-10%) also performed badly.

- The Sub-Saharan markets have remained key in sustaining growth in visitor numbers. RSA, the largest source market with 233,445 visitor arrivals registered a growth of 4.4% when compared to the same period in 2010. Strong inbound performances were also recorded from Botswana (24.8%), Malawi (18.8%), Tanzania (11.8%), Zambia (3.4%) and Zimbabwe (8.8%). However, Mozambique which remains a significant source of visitor arrivals for Swaziland continued to under-perform registering -12.1%.

- Performance from the Americas region slowed down from a positive 0.9% recorded the previous quarter. Arrivals from the region were down by 14.3%, from 5,629 visitors in 2010 to 4,821 visitors in 2011. One of Swaziland inbound markets USA (-6.9%) and emerging market Brazil (-55.8%) performed badly, leading to the overall decline of the region.

- Asia & Australasia was the only other region to record growth. Rapid growth was noted from the region with double-digit growth rate of 29.9% compare to the same period in 2010. Impressive figures were registered from India (15.6%), South Korea (14.2%), Taiwan (6.9%) and China (10.1%).

- An overall decline of 20.9% was recorded in the European region compared to -30.4% recorded the previous quarter. Germany (17.8%) and Netherlands (47.7%) were the only positive visitor generating markets during the period. Large traditional markets such as Britain (-20.6%), France (-23.2%), Italy (-20.3%) and other continental European markets remained challenging regardless of the improved economic conditions.

- The Middle East remained a challenge for tourism in terms of visitor numbers to Southern Africa.

In spite of outbound trips from the region being at their highest during this time of the year as a result of blistering weather conditions, overall arrivals to Swaziland recorded a low -56.6% compared to the same period in 2010. With the exception of Iran (85.4%), markets such as Kuwait (-53.3%), Israel (-32%), Pakistan (-15.5%) and United Arab Emirates (-22.6%) recorded unfavourable arrival figures.

- To meet the objectives of attracting more tourists into the country, increasing expenditure per visitor, reducing seasonality, spreading tourism geographically and improving the brand of the destination, STA undertook a number of activities, which included reaching an agreement with GEO Associates to modify the welcometoswaziland.com website. The modification of the website will increase the speed at which the web page opens and make searching much easier.

- STA hosted two South African travel writers from Odyssey Magazine and Family Life & Leisure magazine. Articles on the destination were published by both magazines and were also circulated to companies who were made mention of.

- STA also hosted a group of eleven (11) Tour Operators post – Indaba from 14-16/05/2011. This educational trip was a result of the STA's representation by GEO Group Associates. The companies represented during the familiarization tour included:
    - i Travel Africa.com - RSA and Russia
    - Pulse Africa - RSA
    - Acacia Africa - UK
    - Africa A-Z - RSA
    - Nordic Travel - RSA and Scandinavia
    - Primulace Tours - RSA
    - Siyabonga - RSA
    - Ntwanano - RSA
    - Idube Elihle Tours - RSA
    - Labrys - Netherlands
    - Miracle Tours - Russia
    - Escape Cycle Tours - RSA

  The Tour operators' views on the product offering were solicited and articles on their feedback were placed on local dailies.

- A Public Relations company based in Cape Town South Africa was engaged by the Authority to help market Swaziland. Most South African based outbound and inbound Tour Operators are based in Cape Town, and Swaziland has never had any presence in Cape Town, whether attending shows or having presentations there.

- STA hosted journalists from ETV to cover Bush Fire Festival and other key tourist attractions in the country. Apart from covering the Bush Fire Festival these journalists also visited the National Museum, Cultural Village, Summerfield's, Nisela Safaris, Ngwenya Glass and Swazi Candles. The ETV crew also did follow up stories on direct beneficiaries of the festival as well as covering key capital projects whose aim is economic up-liftment. Subsequent to the coverage a programme on the Bush Fire 2011 was aired on ETV on Monday 30/05/2011 for 30 minutes with repeats.

- The Authority advertised with the Family Life and Leisure Magazine. This magazine is a monthly publication with a print run of 20,000 and a readership estimated to be just over a million. It is distributed by Magscene through CNA, Exclusive books etc. This magazine targets families planning long holidays or weekend breakaways. The advert was done subsequent to the STA hosting one of the travel writers in April 2011. It was part of the article written by the same travel writer.

- The Swaziland Tourism Authority had the opportunity to exhibit and disseminate information in a number of shows:

  Internationally

  1. ATM Dubai – This trade and consumer tourism exhibition was held at the World Trade Centre. The Authority was represented by the marketing officer who had the support of the First Secretary in the Swazi Embassy in Abu Dhabi. Awareness on the destination was created and representatives from a number of outbound Tour Operator companies were met. Subsequent to the meetings with the Tour Operators was posting and couriering of information packs. The contacted Tour Operators were targeted on the basis of them having packages to South Africa.

  2. Indaba Durban – The biggest trade and consumer tourism fair in Africa was held at the ICC-Durban. Representing the Authority were two board members, four officers and 19 co-exhibitors. The Honourable Minister for Tourism and Environmental Affairs and officials from the Ministry were also in attendance. The Indaba attracted 11205 visitors and 1800 exhibitors. The stand design depicted a typical way of life in Swaziland. The Authority made contact with Victory Tours an outbound Tour Operator company based in Zimbabwe and an agreement for a familiarization trip scheduled for July 2011 was made. Victory Tours will visit the destination ahead of bringing in buses into the Kingdom. The STA also met with FOX International Channels which are home to National Geographic and Sky News who are expected to visit Swaziland and South Africa to do an “African Series” shoot in 2012.

  Regionally

  - Outdoor Adventure Expo- Kyalami (Midrand) – This consumer show was held at Inanda Country Base which was a new venue. This year’s event attracted 15300 visitors covering an area of 20 000 square metres. The STA attended this tourism fair with Big Game Parks and Swazi Trails. Big Game Parks and Swazi Trails made key contacts with consumers through a holiday package promotion that was run at the stand. The aim of the promotion was to sensitize the Gauteng market on the closeness of the destination (drive-in) from Johannesburg. The registration of the draw required consumers to furnish their contact details and highlight their favourite activities which will allow the two organisations to do direct marketing each time they have promotions. A total of 212 consumers entered for the competition whose winner was expected to be announced in July 15, 2011. The winner will get a weekend for two at Mlilwane and participate in an adventure activity of choice with Swazi Trails.

  Locally

  1. The Authority exhibited at Bush Fire 2011 from 27/05/2011 to 29/05/2011. The exhibition was a result of the continuing partnership between the Bushfire and the STA in ensuring that visitors into the country increase year after year. The STA also assisted with conducting a visitor’s survey at Bush Fire (on-site) which was aimed at getting more insight into this year’s visitors for better understanding and future targeting.

- The Authority purchased two touch screen i-point information units. STA will upload information on tourist’s attraction in Swaziland into the system as well as all tourism related amenities. These two units will be installed at Ngwenya Boarder and the Gables Shopping Centre. The key benefit to the STA purchasing these units is information integration to all units owned by i-point in all the nine (9) provinces of South Africa. This in essence means that information on the destination will be readily available for accessing at strategic places both in Swaziland and in South Africa at all times.

- As a form of information dissemination the STA continued to send information in the form of brochures to the different Swazi Embassies abroad, for specific individual and group request through mail and courier, through the website and through the information offices (Cooper Centre and Ngwenya). Information distributed through the different avenues stood as follows:
  - Swaziland Discover - 14, 000 copies
  - Explorer Maps - 2, 880 copies
  - Community Tourism Brochures - 1, 500 copies
  - Route Planner - 150 copies
  - Swazi Review - 50 copies
  - What's Happening - 2, 500 copies
  - Destination Audio Visuals - 50 copies

- Two new community tourism based projects were approved for funding, these are Msunduza and Siphocosini. As already alluded to, there hasn't been any implementation due to the financial situation in the country.

- In a bid to expose the destination to potential travellers, Miss Culture Beauty Contest Elimination shoots were held at Mahamba Gorge on the month of June 2011. The destination is well maintained save for a few concerns that were communicated to the manager. Of most concern was the safety of visitors since the destination does not have electricity. The community proposed to have their own tuck-shop that would sell to the visitors as they have to walk long distances.

- The Nsangwini community was also in contact with the Luvinjelweni community with the view of establishing a new project at Maguga Gap. The Nsangwini community has also requested assistance in setting up a mini shop to cater for visitors to the destination. The committee has noticed that with the large amounts of pupils visiting the destination from February to June they would be in a better position to make money from selling food and beverages to their visitors.

- Khelekhele was non functional due to a number of reasons and needed urgent attention because a lot of income was lost due to its non functionality. A number of things needed to be done which included the cleaning of the structure before anyone occupies them, fitting of sleeping sponges, a water tank needs to be bought since there is no clean water at the site, toilet fittings need to be installed in all the toilets, soil barrier to reduce soil erosion need to be constructed to reduce the rate of soil run off which pile on the roof of the structures. A number of bookings have been rejected due to the state of the structures.

- Ngwempisi project was not in a bad state, the trails were clearly marked and the campsite was clean. The only campsite that needed serious maintenance was Mhlabe as this camp was non functional. Sleeping sponges at the campsites were in a very bad state and needed to be changed urgently. The management of Ngwempisi was another challenge; money was not clearly accounted for and the staff salaries had not been paid for the past two months.

- Lonhlupheko Handicraft Outlet continued to experience challenges as it was not fully operational since the official hand over to the community last quarter. As a way to get it fully functional STA has been made aware that the community will be bringing in new board of trustees who might come with new ideas. The election of the new board of trustees will be held on the 19th July 2011.

- Sibebe Hiking Trails was in talks with SNTC with the view of declaring it a game reserve which would ensure popularity of the place. The management has since requested that STA provide financial assistance of E2, 500.00 monthly in order to be able to meet their monthly expenses.

- In an effort to ensure that the Maguga Handicraft Outlet performs well, STA together with the board of trustees was looking for an operator to run the coffee shop. Currently the focus was for Maguga to get a trading licence. Once a licence has been granted, the next stage would be to identify an operator for the coffee shop.

- The Authority received a draft of the revised regulations for the registration of accommodation establishments for comment. The final draft should be out soon which will enable the Authority to start the grading process.

- The registration of accommodation establishments commenced for the year 2011. The process was preceded by a reminder of all existing accommodation establishments in the country. This was done by way of emails and phone calls. From a total of 130 accommodation establishments that were reminded, only 58 have been registered to date. The office will continue to remind the industry of the registration requirements.

- The draft regulation for grading was still with the office of Attorney General. The Authority was hopeful that it will be having these regulations in the next quarter. Three staff members attended a one day workshop on the grading in South Africa. This was still part of the preparations to ensure that when the grading regulations come through, finds the Authority ready for implementation

Financial Situation

- A deficit of E1.06m was incurred compared to a surplus of E880,041 realised the previous quarter.

- Total revenue received amounted to E1.35m against a budget of E3.79m. The revenue comprised of Government subvention (E1.25m) and other income which included receipts from Private Sector for their participation in shows paid by STA, Interest received from financial Institutions and application fees for registering accommodation establishments (E98,262).

- Total expenditure incurred amounted to E2.41m against a budget of E3.79m resulting in a positive variance of E1.38m. Based on the expected budget of E3.76m from Government, the Authority received an amount of E1.25m and had commitments of E2.41m resulting in a shortfall of E1.06m. The organisation had to utilize available savings from the previous years to finance this over expenditure because most of these items were commitments that had legal obligations.

Outlook

- STA will continue to market Swaziland as a preferred tourist destination.

- The STA has received a draft of the revised regulations for the registration of accommodation establishments for comment. The final draft should be out soon which will enable STA to start the graduation process.

Income Statement	2011 June 30	2011 Mar 31	2010 Dec 31	2010 Sept 30
Income	98,262	76,442	15,540	43,307
Expenditure	2,408,819	2,863,651	2,677,898	3,606,676
Net profit / (Loss)	-2,310,557	-2,787,209	-2,662,358	-3,563,369
Subvention	1,252,750	3,667,250	3,667,250	3,667,250
Surplus/Loss after subvention	**-1,057,807**	**880,041**	**1,004,892**	**103,881**

Balance Sheet				
Fixed Assets	1,007,792	997,879	1,175,614	1,174,043
Current Assets	1,461,300	2,792,793	1,876,160	1,941,891
Current Liabilities	768,247	300,277	441,420	271,600
Net Current Assets	693,053	2,492,516	1,434,740	1,670,291
Employment of Capital	**1,700,845**	**3,490,395**	**2,610,354**	**2,844,334**
Reserves	2,758,652	2,610,354	1,605,462	1,510,581
Deferred grants	-	-	-	-
Surplus/Loss	-1,057,807	880,041	1,004,892	103,881
Image Building Funds	-	-	-	1,229,872
Total Capital Employed	**1,700,845**	**3,490,395**	**2,610,354**	**2,844,334**

PEU Comments
A deficit of E1.06m was realised compared to a surplus of E880,041 realised the previous quarter.

It is noted that some of the community projects are encountering problems in terms of the structures and management issues. It is imperative that STA does a close monitoring of these projects and provide trainings for the management on how to effectively run the projects. In the long run this will improve the profitability of the projects and lessen the financial burden on the Authority. Considering the prevailing situation Government is faced with, STA is not in a position to assist the Community projects (financially); STA has to look at ways of improving the financial position of the projects. They may consider getting strategic partners who will come with capital injection as well as technical know how to effectively run the business.

An improvement has been noted in the registration of accommodation establishments as there were other accommodation establishments that submitted their applications.

In terms of their mandate, STA has continued to market the destination through a number of initiatives amongst which include the dissemination of information locally and internationally. STA must continue to market the destination as a preferred destination.

SWAZILAND NATIONAL TRUST COMMISSION (SNTC)
Parent Ministry: Ministry of Tourism & Environmental Affairs

SNTC reported as follows for the quarter,

Operational Review

- Visitor numbers have increased by 70% (5,310 visitors) when compared to the same quarter in the previous year, and has increased by 43% (3,610 visitors) compared to the previous quarter. This is mainly because of the International General Certificate for Secondary Education (IGCSE) program offered by the Department of Culture within SNTC. The numbers have increased significantly following the rehabilitation of the National Museum and King Sobhuza Memorial Park. Mantenga Nature Reserve has also attracted a lot of visitors especially from schools.

- The Joint Venture Partners continued operating tourism facilities at Mantenga and Malolotja. Discussions have been held between the SNTC and its partners to look at the possibilities of moving to the shareholding phase in the form of companies.

- The Department of Nature Conservation continues with the pursuits for proclaiming more protection-worthy areas in order to increase the number and size of protected areas in Swaziland in line with regional and international targets, in particular the Programme of Work on Protected Areas (POWPA) under the auspices of the Convention on Biological Diversity and the World Conservation Union.

- The Department, represented by two officers, was also part of an annual fund-raising auction event hosted by the Professional Hunters Association of South Africa (PHASA) held in Sandton, South Africa. During the same event, the SNTC was able to raise funds which will help support its employees to attend various courses of study at the South African Wildlife College. The SNTC was also part of the SADC Joint Technical Committee meeting for Directors of Environment, Forestry and Wildlife which took place in Johannesburg, South Africa. The Director of Nature Conservation attended and presented at the GOFC-GOLD regional network meeting in Golden Gate National Park and the Wildfire 2011 Conference.

- The Department continued to participate in the Ministry of Information, Communications and Technology's initiative to formulate a National Science, Technology and Innovation Policy. The Department also contributed to the development of a GEF project proposal for Integrated Natural Resources Management in Swaziland.

- The pressure to mine within protected areas gained momentum with the beginning of an environmental impact assessment of the re-mining of the Ngwenya Iron Ore mine dumps, an area within Malolotja Nature Reserve. The SNTC participated in the scoping exercise where views on possible direct and indirect impacts and policy implications both now and in the future were highlighted including indications of the scope of the full EIA process.

- The Ecological Research Section continued with ecological monitoring by undertaking monitoring activities concentrating on its main objectives for the winter season. These activities included biodiversity monitoring, ecosystem management, biodiversity research, and biodiversity planning. Climate data records have been compiled for both Malolotja and Mlawula. However, Mantenga is still unable to collect quantitative data as a result of lacking a site weather station.

- The water quantity at the beginning of the winter season was subjectively assessed as very low in all protected areas, the most affected being Mlawula, whilst both Malolotja and Mantenga faced lesser challenges. The trend in the precipitation quantity is that of notably highest quantities in the

Malolotja and least in Mlawula. Unlike in the previous year where much of the rainfall was received in November, this year for a change, much rains occurred in December. A total of 55.9mm of rain fall was received in Mlawula, which is a 12.5% decrease when compared with same quarter the previous year. The total rainfall recorded in Malolotja was 147.1 mm. In conjunction with All Out Projects, the section is also implementing a project to improve Mlawula game estimates by setting up plot transects that will be monitored for a period of about 10 years.

- Due to the onset of the dry season, all the parks had markedly decreased plant vigour. In Mlawula, the quarter experienced cooler weather, with temperatures gradually decreasing at rates slightly higher than that of the same time the previous year. Temperatures recorded ranged from a minimum of 1˚C to a maximum 37.5˚C. In Malolotja, the quarter was generally very cold and dry especially in June with temperatures recorded ranging from a minimum of 0.1˚C to a maximum of 31˚C. Water levels recorded were much less than the previous quarter throughout the onset of the dry season. The Natural History Society (NHS) also undertook the annual winter season game count. In Mantenga Nature Reserve, the quarter was characterized by very cold and dry weather conditions especially in late May, 2011 and June, 2011.

- As the fire season has resumed, fire programmes were implemented in Mantenga and Malolotja Nature Reserves where firebreaks were put in place. Whilst the Mantenga fire pogramme is complete, the Malolotja programme is half-way through owing to the size of the park and frequent arson fires that require attention. Consequently, the vegetation in Malolotja was characterized by black patches of burnt areas along the fire breaks and along areas that have been attacked by arson fires. The park suffered about 5 arson wildfires that burnt a total of 300 hectares of grazing lands; 1 attack was at kaKuka, 2 attacks at Silotfwane and 2 more attacks at Mgwayiza. All the wildfires were attended to and put under control except for the Mgwayiza area which could not be effectively controlled due to the bad terrain.

- As in the preceding quarter, the SNTC parks, in particular Mlawula and Malolotja, continue to be under consistent pressure from illegal activities as observed from the number of poaching incidents and increasing evidence indicating the presence of poachers within the parks. In Mlawula, a total of 104 patrols were conducted through which a number of observations were made ranging from wire snares, dog spoors, gun shots, and game carcasses. Sadly, some of the illegal activities are committed by culprits from across the Swaziland border in Goba, Mozambique.

- In Malolotja, a total of 133 patrols were conducted consisting of 40 general patrols, 17 fence patrols, 19 O.Ps and 54 night patrols. Evidence of illegal activities continues to be observed as manifested by confrontations with poachers, gunshots, game carcasses, arson wildfire incidents, illegal mining of soapstone, footprints and illegal trespassing, including the continued cattle rustling from Swaziland to South Africa.

- In Mantenga, a total of 86 patrols were conducted and these included three night patrols. A few isolated signs of poaching were identified within the reserve.

- The Environmental Education Programme (NEEP) continued with its mandate to provide environmental education and public awareness to school groups and the public. Officers from the section participated on a number of national events that were aimed at promoting public participation on sustainable development and environmental management. Twelve (12) radio programmes were recorded and aired.

- The environmental issues that were addressed ranged from sensitizing the public about cleanliness and littering prior to the Easter Holiday, tree planting, the importance of recycling, the Temvelo awards, World Environment Day (WED) preparation and theme for 2011, and interviewing the member of Parliament and members of the public on the World Environment Day during the symposium. The NEEP was also involved in the strategic planning and hosting of the 2011 combined World Environment Day / World Biodiversity symposium and commemoration events. The World Environment Day 2011 was celebrated at the Royal Swazi Spa Convention Centre during a symposium where the theme was "Forests: Nature at Your Service". The World Biodiversity Day was celebrated at Mbangweni Inkhundla and was graced by the presence of Minister for Tourism and Environmental Affairs and Minister for Health and Social Welfare, who is also the MP of that area.

- The First National Bank (FNB) donated a number of trees to the Esitjeni centre and were planted by staff members of FNB, LCC, NEEP, and community members. The NEEP also participated in the "MTN 21 Days Yello Care Campaign" aimed at improving the state of the environment in a number of communities.

- In Mlawula Environmental Education Centre (EEC), there were a total of 16 visiting groups, comprising of 190 adults and 291 children. In Mlawula EEC, there were a total of 16 visiting groups, comprising of 190 adults and 291children. The Malolotja EEC centre was visited by 13 groups that comprised of 4 school groups and a total of 284 guests.

- The SNTC, through NEEP, hosted a UNISWA Lecturer (Mr. Mandla Mlipha) from Geography, Environmental Science and Planning Department of the University of Swaziland who was on sabbatical leave. He was assisting in formulating a strategic plan for the NEEP which would also incorporate the Community Outreach Programme.

- The TFCA Programme Manager convened and participated in the following meetings:
    - Lubombo Conservancy-Goba TFCA Task Team Meeting.
    - Songimvelo-Malolotja Task Team.
    - Lubombo TFCA Trilateral Commission meetings.

- There was also a preliminary hand-over of the Mambane Coffee Shop/Restaurant to the community. This development provided employment to the local community and the local committee and the army is involved in securing the project site. The construction was complete.

- The SNTC also received a donation of a second-hand Toyota Hilux double cab from Peace Parks Foundation for use by the TFCA Programme.

- The SNTC was pleased to hear of government's efforts to resolve the Royal Jozini Big 6 issue as this had potential impacts on the country's participation in the Nsubane-Pongola (Lake Jozini) TFCA. Other key achievements included;
    - approval of the Lake Jozini TFCA JMP by the Trilateral Commission for signing by the Ministers of the two countries.
    - approval of the Mambane (UTF TFCA) Project by the Land Management Board.

- A total of 37 permits were issued for sustainable harvesting of natural resources within Mantenga Nature Reserve. These included 11 permits for harvesting fire-wood in the gum forest, 18 for *lukhasi*, 3 for *lutindzi*, 3 for waterfall access and 2 for gum poles. The Lobamba Environmental Club was assisted by the Mantenga Nature Reserve in executing environmental activities around Lobamba area, including a clean-up campaign.

- To promote sustainable utilization, 69 permits were issued to local communities neighboring

Malolotja Nature Reserve to obtain *Festuca sp*. In addition, 29 permits were issued to neighbouring communities for harvesting alien plants mainly wattle (*Acacia mearns*ii) or Gum poles (*Eucalyptu*s sp), 3 for collecting firewood and 3 for fetching water.

- A total of 218 permits were issued for access to utilize the resources from Mlawula Nature Reserve and for various purposes such as fishing, driving livestock, transits, checking tsetse fly traps, and working at Siweni (Swaziland Railways, Ministry of Natural Resources and RSSC).

- The SNTC Senior Management also attended a meeting between the office of the Surveyor General, the Regional Administrator and the Mhlumeni community (Langa Chiefdom) aimed at park boundary confirmation.

- The Education Section met twice with the National Curriculum staff to discuss education programmes that focus on cultural heritage, traditional beliefs and traditional ceremonies. In addition, the Education Team attended to different schools as shown under IGCSE Presentation below. These schools were given lessons on all traditional ceremonies that take place in the country. They also visited schools on the outreach education programme.

- The Museum received a total number of 17 secondary and high school students who came only for the Siswati presentation on culture topics between April 2011 and June 2011. These groups enjoy the benefit of touring the museum and having lessons. These schools are the following: St Francis Form 3 (Hhohho), Ezulwini Community (Hhohho), St Francis High form 5 (Hhohho), Phonjwane (Lubombo), Mhubhe (Manzini), Siteki Nazarene (Lubombo), Our Lady of Sorrows (Shiselweni), Ekuthuleni Form 3 (Shiselweni), Ekuthuleni Form 5 (Shiselweni), Nyamane (Shiselweni), Ngwane Central (Shiselweni), Gundvwini (Manzini), Bhunya (Manzini), Ekukhanyeni (Manzini), Somnjalose (Hhohho), Zombodze (Manzini) and Evelyn Baring (Shiselweni). Topics presented in these sessions include the following: umhlanga, umngcwabo, incwala, lusekwene, buganu, umtsimba, umcwasho, kuhlehla, lilima, kwetfula, imvunulo, lijadvu, umuti wesiSwati, kubutseka, bayeni, sitsinjana, kudla kwesintfu, buve, etc.

- The museum attended three culture days or siSwati days in different schools in different parts of the country. Schools visited are Mvimbeko High (Manzini), Nhlanganisweni High (Hhohho) and Swazi National High (Manzini). Topics taught in these schools are Umtsimba, incwala, umhlanga, umcwasho, lijadvu, umgcwabo, buganu, and bayeni.

- The museum received 17 groups of primary schools between April 2011 and June 2011.

- There are, however, challenges in this as schools come with a large group of students. The new exhibition arrangement does not accommodate big numbers especially in the general history wing. This makes it difficult to monitor students during the tours.

- The National Museum in cooperation with Alliance Francaise hosted an exhibition by Maurice H. Mbikayi from the 25th – 31st May, 2011. This exhibition was launched to compliment the activities of the Bush Fire Festival. The artist Maurice Mbikayi was born in Kinshasa, in the Democratic Republic of Congo. The exhibition consisted of photography, mixed media sculpture and paintings, an installation of the artist and a public performance. The exhibition's main objective was to engage the public whilst interrogating social boundaries around current socio political issues. Maurice also ran a full day workshop for local artists.

- The Ethnographer has recorded a total of 120 objects which include a photograph of each of the objects.

- The Ethnographer has collected several items to be exhibited in celebration of International Museum's Day with the theme on "Museums and Memories". The exhibition will be shown. The local ICOM Committee edited the constitution that will guide their operations**.** Also discussed were projects associated with ICOM such as fund-raising and assisting the museum in its daily operations.

- The National Museum is working on the rehabilitation of two monuments namely Ntfonjeni and Sibebe.

i) Ntfonjeni Footprint Heritage Site

The museum staff has held three meetings with the community at Ntfonjeni, on the development and declaration of the site. The officials of the Land Management Board were invited to attend one of these meetings, whereby, they outlined all the procedures to be followed before the Land Management Board gives its permission for development of the site. The community elders have appointed seven people as members of an Association that will represent the community, in the development of the site.

ii) Sibebe

The staff held two meetings with Sibebe Trust and has mapped out an activity plan for declaration of Sibebe.

- The National Museum successfully completed the Pilot Project Study on Intangible Cultural Heritage namely Community Based Inventorying.

- The National Museum completed a study on inventorying the traditional marriage system in two communities of eNtfonjeni and Malindza with a total of 71 homesteads interviewed, and 349 photographs taken. Whilst in Ntfonjeni, 132 homesteads were interviewed and a total of 1497 photographs were taken.

- The National Museum was commended for its report and field work done. This project was supported by the Flander's Government. Due to the non ratification of the UNESCO Conventions on Cultural Heritage, the National Museum was not eligible to apply for funds to continue with this project. However, Dr. Damir Dijakovic allocated a sum of US$7000 for the museum to continue recording important traditional activities.

- The Swedish African Museum Network (SAMP) Executive Director, Ms Elisabeth Oloffson visited the National Museum on 5 May, 2011 to determine whether the National Museum was a conducive venue to host the training course to be held in August, 2011. The Executive Director, however decided that the course training be held in the Philippines due to the construction that will take place at SNTC Headquarters.

- The First Lady of Burundi, Denise Nkurunziza and her delegation toured the Memorial Park on the 9th May, 2011.

- The Education Department had a meeting with inspectors from the four regions of the country. These were the Department of Early Childhood Development. They discussed how culture can be incorporated and what element of culture can be introduced to children below the age of 6 (pre-scholars).

- There were no capital projects that were approved for this financial year, however there are two ongoing projects which are summarized in the table below:

Description	Allocation	Expenditure	Balance
	E	**E**	**E**
Rehabilitation of National Museum SNTC HQ & KSMP (Project No. R237/99) **Phase 2**	4,600,000	147,729	4,452,271
Rehabilitation of Mantenga Nature Reserve (Project No. R231/99) **Phase 3**	6,220,000	225,596	5,994,404
Total	**10,820,000**	**373,325**	**10,446,676**

- **Rehabilitation of National Museum SNTC Head Quarters and KSMP Phase 2:** The Rehabilitation of the National Museum, SNTC Head Quarters and KSMP Phase 2 comprises of the construction of SNTC Head Quarters. The architect and quantity surveyor have been engaged for this project (Hall Stacey and Lang Mitchell, respectively). Designs have been completed and were approved by the Board. The tendering process for the contractor has been conducted and management is in the process of making a final decision based on the recommendations of the consultants.

- **Rehabilitation of Mantenga – Phase 3:** The works on the Rehabilitation of Mantenga – Phase 3 comprises of an upgrade of the restaurant and kitchen facilities, an upgrade of the car park surface, an upgrade of the water system and finally landscaping around the chalets and the upgrading of pathways. The construction of the pathways and the upgrade of the water system has been completed. Designs for the upgrade of the restaurant have been completed and works will begin before the end of the second quarter.

- The CEO and the Acting Human Resource Officer attended a Corporate Communication Summit on the 14th April 2011 at the Convention Centre facilitated by The Corporate Gap. Communication specialists were brought together to share their experiences within communications. The seminar focused on how efficacy through communication can be achieved. Participants were provided with information on trends and practical tools for communicators to use and how practitioners can communicate and engage the public for optimal communication and operational efficiency.

- The Exhibition Officer, is pursuing a three year Degree programme in Creative Multimedia, which commenced on the 23rd May 2011 at Limkokwing University of Technology in Mbabane. This programme will equip the Officer with the required skills to improve the SNTC's exhibitions.

- The Education department was invited by the National Curriculum Centre to a two day workshop to discuss issues on how culture and arts can be incorporated into the school syllabus and in tertiary education.

- The Chief Financial Officer, Marketing Officer and KSMP Senior Tourists Guide attended Indaba. It is one of the largest marketing events on the African calendar and one of the top three "must visit" events on the global calendar. It showcases the widest variety of Southern Africa's best tourism products and attracts International visitors and media from across the world. This year's event was in Durban in May 2011. The SNTC representatives attended this event for purposes of Promoting and Marketing the organization.

- The Acting Human Resource Officer attended a one day workshop on Managing People Profitably facilitated by LCC Capital. The workshop focused on combining management techniques with scientific methods including behavioural assessments as well as psychometric tests to enhance: profitable people management, recruitment and selection, career pathing, succession planning, mentoring and job coaching.

- The senior warden of Malolotja attended a two weeks training course on surveillance in Botswana in June.

- The NEEP Coordinator attended a SADC Training Workshop in Negotiation Skills and positioning in Johannesburg, South Africa.

- SNTC staff participated in the Sporting activities which were organized by the Ministry of Tourism and Environmental Affairs for all its departments and parastatals. These activities took place at Matsapha Correctional Services on the 18th June 2011 where the Ministry hosted the Mpumalanga Tourism Authority. The programme of the visit featured sporting activities which included soccer, netball, volleyball, egg race, tug-of-war and sack race. Through these sporting activities the Ministry is promoting wellness to employees and staff on every level.

Financial Performance

- SNTC's performance resulted in a net surplus of E84,287 compared to a surplus of E549 in the previous quarter, mainly due to cost containment measures practiced. The government subvention was E4.14m. Without the subvention SNTC's performance would have resulted in a deficit of E4.05m. This presents a clear indication that SNTC needs to increase revenue generated internally so as to reduce dependence on the government subvention.

- SNTC's cash resources depend on the annual Government subvention, revenue from her tourism/commercial facilities, services and rent received from joint venture partnerships. The total revenue was E4.69m made up of E4.14m subvention and E549,220 generated from internal sources, which represents only 11% of the total revenue. SNTC is a service organization although there is an element of eco-tourism activities which generates revenue that is not enough to sustain its operational costs.

- Total expenses amounted to E4.61m which results in a positive variance of 24% when compared to budgeted expenditure. Compared to the previous quarter, expenses have slightly decreased by 6%.

- The SNTC experienced cashflow difficulties due to the fact that the subvention that was released was for one month. As a result, there was no alternative but to use committed funds. Previously, government subvention was released quarterly but due to the cashflow challenges that government is experiencing, the subvention is now released on a monthly basis.

Financial Statements

Income Statement	2011 June 30	2011 March 31	2010 Dec 31	2010 Sept 30
Operating Income	488,709	352,894	402,130	450,777
Other Income	64,211	265,397	473,659	1,273,427
Expenditure	4,601,242	4,903,187	4,903,613	6,487,478
Operating Deficit	**-4,048,322**	**-4,284,896**	**-4,027,824**	**-4,768,274**
Subvention	4,132,609	4,285,446	4,285,446	4,100,509
Surplus after Subvention	**84,287**	**550**	**257,622**	**-662,766**

Balance Sheet

Fixed Assets	267,567,047	102,203,824	101,815,181	100,765,537
Investments	-	-	-	-
Current Assets	23,018,356	23,831,181	18,090,555	15,628,851
Current Liabilities	9,722,221	10,976,242	10,628,448	11,434,797
Net Current Assets	13,296,135	12,854,939	7,462,107	4,194,054
Total Employment of Capital	**280,863,182**	**115,058,763**	**109,277,288**	**104,959,590**
Contributed Surplus	-	-	-	-
Capital Reserves	280,778,895	115,023,007	109,612,770	105,552,694
Retained Income	84,287	35,756	-335,482	-593,104
Total Capital Employed	**280,863,182**	**115,058,763**	**109,277,288**	**104,959,590**

PEU Comments

Revenue from internal sources increased by E126,711 (118%) due to an increase in visitor numbers. Compared to budget, there was a negative variance of 67%. This means that SNTC is failing to achieve the desired targets in terms of projected revenue.

Other income has also reduced tremendously by 90%. Other income comprises of rent received from operators in the hospitality division in SNTC's nature reserves. It is also noted that rent is not received from some of the operators which has an effect on SNTC's income. The tourism facilities such as accommodation and camping are underutilised as some of them are not fully operational such as the Magadzavane Tourism Complex. It is noted that the budgets were prepared under the assumption that the lease agreements would have been amended such that the rental income from Mantenga Cultural Village is a percentage of revenue rather than fixed at E10,000 a month. Nevertheless, nothing is stopping SNTC from making such a revision considering the capital investment that has been made by government to try to improve the tourism facilities in that nature reserve. The return on capital employed is currently very low because of the underutilisation of these facilities.

SWAZILAND ENVIRONMENTAL AUTHORITY (SEA)

Parent Ministry: Ministry of Tourism & Environmental Affairs

The SEA reported as follows for the quarter,

Operational Review

- The year 2011 has been declared by UNEP as the international year of the forest and it came as no surprise that the themes for both days were related to issues of forest Biodiversity. The theme for the International day of biodiversity was "**Forest Biodiversity: the Earths Living Treasure"** and the theme for World environment day was **"Forest: Nature at your Service".** Two main events were jointly planned in honour of these two important days in the environmental calendar. Preparations were jointly facilitated by the BPIC and EEPAP programme committees with the aim of streamlining activities to ensure that maximum awareness is created on issues of the forest Biodiversity.

- During the reporting period, the Clean and beautiful Swaziland continued with the preparations for the Temvelo Awards. The main focus was on hosting regional workshops for teachers and soliciting the actual prizes from the private sector. The aim of the workshop was to guide schools on how they can get started or improve on existing environmental projects, which can be entered for the Temvelo Awards. Forming part of the discussions with teachers in all different workshops was first of all a general introduction of the concept of Education for Sustainable Development (ESD) and Decade on Education for Sustainable Development (UNDESD-2005-2004). A Background on the Temvelo Awards was then given, followed by a discussion on getting started with school based Environmental Project as well as the judging criteria. The initiative was received with excitement by teachers all four regions and they promised to do their best to work with learners to improve existing projects and further work on new projects.

Biodiversity Conservation Participatory Development (BCPD)

- The Swaziland Environment Authority together with the Swaziland National Trust Commission partnered with Swazi MTN in joining hands with the community of eMvembili in a campaign to control the onslaught of alien invasive plant species. This was part of the MTN group‘s 21 days of Yellow Care which sees a number of MTN groups taking part in a number of initiatives in line with this year's theme: Making a positive difference to the environment over the 21 days period.

- The presence of the local constituency council (buchopho) and the community at large lead to the conclusion that awareness initiatives on biodiversity are important. An area approximately 2 hectares was cleared integrating mechanical and chemical control methods over a two day period. This exercise did not only raise community awareness on early detection and control of AIPS but also presented the opportunity to showcase the rich biodiversity of the area and the benefits of conserving it.

Waste Management

- During this quarter two meetings with the Buhleni community were held to prepare them for the handover of the tractor and the waste disposal site. Some challenges were encountered particularly with the public transport operators who were reluctant to be part of the waste management system of Buhleni. After explaining the legal basis for them to be part of the system an understanding was reached and Buhleni is ready to accept the tractor and the waste disposal site. The Minister for Tourism and Environmental Affairs will hand over the tractor in mid July.

- The Minister for Tourism and Environmental Affairs handed over a tractor to the Lobamba iNkhundla. This has been necessitated by the fact that many national events are held at Lobamba resulting in a problem for solid waste. The tractor will therefore help to keep the area clean. The

Lobamba Conservation Club, which oversees waste management issues in the Lobamba Inkundla was capacitated on waste management in a workshop where the committee members were given training on sustainable solid waste management at community level.

- Regarding the development of waste disposal sites for Lomahasha and Mpaka, an environmental assessment/study of the proposed Lomahasha Solid Waste Disposal facility has been approved by SEA and contractors to construct the disposal site are being identified. For Mpaka, traditional authority representatives have been consulted for purposes of identifying a possible waste disposal site as well as to introduce the SEA to the Malindza Umphakatsi and the community.

National Environment Fund

a) ***Lobamba Waste Management Project:*** A tractor with a tipper trailer together with 5 skips was purchased for the community under the management of Lobamba conservation club (LCC).

Waste especially solid waste is being collected around Lobamba. The skips with the assistance of Ezulwini Town Board vehicle have been placed at strategic locations around Lobamba targeting areas with massive waste production and ease of transport.

In order to ensure smooth running of the project a workshop was facilitated on the10th of May 2011 for the sustainability of the project and development of a project work plan was developed.

b) Ngonini Donga Rehabilitation Project

The primary aim of the project is to rehabilitate the Donga at Ngonini. Fencing of the Donga has now been completed.

c) ***Luve Wetland And Donga Rehabilitation Project***

This is one project that is being implemented by the community through an NGO called Citizen Empowerment. The entire fencing of the wetland and the degraded area has been completed 100%.

Financial Situation

- Revenue from subvention for the quarter that was received totalled E2.24m, for April & May operations and was received on the 19th May 2011 and 19 July 2011 respectively instead of E3.36m as per the budget request for the quarter. As of to date, subvention for June operations has not been received. Other income stood at E61, 530 with total revenue of E 2.30m for the quarter. Other income consists of revenue from licences of E 3,500; environmental assessment review fees of E9, 000; sale of resource material of E615, plus Interest received from Call Account of E 48,415.

  Total expenses for the quarter amounted to E2.50m almost the same as last quarter, which is below the budgeted expenditure for the quarter by E160, 951.

Outlook

- The Authority faces a challenge in the issue of office space which is becoming a very critical issue, and needs urgent attention.

- The Authority is experiencing cash flow problems due to the financial crisis the Government is facing. This reporting period, the Authority received subvention for only 2 months (April and

May) and they were received late. The subvention for April operations was received on the 19th May 2011 and the one to operate in May was received on the 19th July 2011. The Authority is still waiting to receive subvention for the month of June and July.

- The late receipt of the subventions is causing cash flow problems for the Authority and is posing a big threat in carrying out certain legal obligations.

Financial Statements

Income Statement	2010 June 30	2010 March 31	2010 Dec 31	2010 Sept 30
Revenue	13,115	137,388	145,806	117,874
Expenditure	2,504,000	2,501,127	2,612,256	2,458,205
Operating profit (Loss)	**-2,490,885**	**-2,363,739**	**-2,466,450**	**-2,340,331**
Grants/Donations				
Subvention	2,244,992	2,278,140	2,278,140	2,278,140
Surplus/Loss after Subvention	**-245,893**	**-85,599**	**-188,310**	**-62,191**
Balance Sheet				
Fixed Assets	2,761,374	1,456,175	1,637,591	1,593,401
Investments	0	0	0	0
Current Assets	5,801,700	7,767,225	8,953,960	9,415,582
Current Liabilities	986,070	117,542	0	0
Net Current Assets	4,815,630	7,649,683	8,953,960	9,415,582
Total Employment of Capital	**7,577,004**	**9,105,858**	**10,591,551**	**11,008,983**
Accumulated Surplus	0	0	0	0
Grant Finance	7,577,004	9,105,858	10,591,551	11,008,983
Reserves				
Total Capital Employed	**7,577,004**	**9,105,858**	**10,591,551**	**11,008,983**

PEU Comments

The SEA has a very healthy current ratio at 5.8:1 compared to 66:1 last quarter. This entity spends prudently within budget and is strictly within the subvention, with insignificant revenue generation of its own at E13, 115 this quarter compared to 137.388 last quarter. The Authority is dependant on over 95% of their funding for operations from Government. There was however, a loss of **-**E245, 893 during the quarter and a lower loss of –E85, 599 in the last quarter

The fiscal problems that are facing Government with regard to shortage of funds have resulted in delayed subventions to most of the public enterprises. This has impacted negatively on the operations of the SEA, a situation we are all praying could be rectified as soon as possible.

<u>**SWAZILAND TELEVISION AUTHORITY (STVA)**</u>
Parent Ministry: Ministry of Information, Communications, and Technology

STVA reported as follows for the quarter,

Operational Review

- STVA is currently in a financial crisis and urgently needs a Finance Director with vast experience who will be able to make decisions in the best interest of the institution.

- The recruitment process to fill the posts left vacant by the demise of the Senior Signal Transmission Engineer, Director of Live Events and the Chief Executive officer is in progress.

- The Marketing department engaged four representatives who were specifically tasked to solicit sponsorship for all sports programs, particularly the Premier League of Swaziland (PLS). The team is working hard at soliciting sponsorship for the sports programs and STVA is optimistic that they will be able to secure a sponsor before the next season of the local PLS games. Nevertheless, The Production department has managed to secure sponsorship for the next season of PLS games from the SPTC to the value of E170,000 which will be utilized in the Production department towards the sports programs.

- The contracts used to engage Sales Executives had terms and conditions of service that were not favourable for both the Sale Executives and the institution. The contracts were reviewed with the intention of making them more attractive to the Sales Executives. Discussions were then held with the sales team and the contracts are now awaiting management endorsement and approval. Thereafter, the contracts will be submitted to the board for approval before being operational.

- A bad debt recovery exercise was undertaken where all the clients whose accounts were not serviced were given 7 working days to respond. The exercise was fruitful since most outstanding payments were made. Although some clients were requesting payment plans, the exercise was to a reasonable degree effective. This is evidenced by the increase in collections made.

- There was a slight increase in licence fee revenue. The amount is, however, still below budget. It is anticipated that in the following quarters this revenue will increase as the raid exercise is still ongoing. The station engaged fifteen temporary raiders who have already covered the whole of Mbabane and now are in the Lobamba/Mahlanya areas.

- The Easter and Kings Birthday Campaign is an annual sales package which was seeking congratulatory messages from companies. This campaign was done effectively since more that 15 companies participated. This year, however, received fewer messages when compared to the previous year since most companies were unable to spend on such due to the dire economic situation.

- Swazi TV has embarked on an agreement with Sherwood International. This company is trading on exporting indigenous agriculture products to overseas markets. The company is setting up shop in Swaziland and is keen on teaching Swazi farmers to grow the agri-products required by the market they export to. The pilot project, which is one demo episode, was produced with the intention of presenting it to funders and international donors who will finance the 52 episodes that are to run for a year. The same program will be used for program exchange with other African broadcasters in countries where Sherwood is operating from. The costs of the project were shared between Sherwood and Swazi TV. The name of the program is 'Yield per Kilometer'.

- "On a Lighter Note" is a 1 hour, one on one talk with influential women in Swaziland debuted on

May 3. The 13 part series features inspirational women from all walks of life and will proceed to feature men in the 2nd season. This shoot was made possible through a batter deal with the venue providers (Summerfield) and has been a positive boost in STVA content and schedule.

- The PLS MTN cup ended in May 2011, after 5 months of live weekend football. The tournament saw the birth of Sportlite: a weekly look forward sports show. STVA and the PLS will go back to the negotiation table for rights to the next season.

- The contract with CNN was discovered to be nonexistent and as such the institution was infringing on CNN copyright. The broadcast of such material was stopped and TBN (a free network) was slotted instead, while negotiations are ongoing with CNN. While negotiating with CNN, it came out that STVA has been using the network illegally and thus owed CNN $40,000 which is equivalent to E276,000. On further negotiations, CNN agreed to write off the debt and a new contract has been forwarded where the station will get content at a subscription of $10,000 per annum which is equivalent to E69,000.

- The "Brains on the Go program" finished its 4th and final season under the MacMillan sponsorship in April, 2011. The Production department issued a report to MacMillan representatives and will follow up with discussions on possible sponsorship of the next 4 seasons. This has left a gap in programming targeted at the youth.

- The News department has been able to cover stories within and outside the country with the limited resources. These include "The Tourism Indaba" in Durban which was held in May and was attended by the Minister for Tourism and Environmental Affairs where the News department successfully covered and compiled reports from the weekend event. The Department was able to also cover the recent tour by the Public Accounts Committee to Phongola on a fact finding mission. Moreover, two trips by the Prime Minister where he represented His Majesty King Mswati, at the High Level Meeting on HIV in New York in June where the country was commended for initiatives it has established towards fighting this pandemic. The Premier's trip to the Global Smart partnership dialogue that was held from the 18-23 June in Malaysia was also successfully covered.

- The Face the Nation show has been able to host a series of topical issues with relevant stakeholders and has been able to amass a number of SMS's, such as the issue on petrol consumption with the Minister for Public Works and Transport and the recent discussion on the removal of the E55 charge of domestic consumers of electricity. The Kusile Breakfast Show (KBS) team has been able to be on air weekdays and the spirit amongst the team members has been impressive.

- Following the Mantenga creative meeting, the KBS team has been able to implement some of the resolutions that were taken during this meeting. One such resolution was utilizing Skype to broadcast which aims at remote area coverage. The team has been able to utilize Skype to broadcast live two events; the Editor's Breakfast Meeting at the Mountain Inn and at the Bush fire Festival.

- The Marketing department embarked on a presentation drive to the advertising agencies in South Africa. These presentations were aimed at introducing Swazi TV services and the advertising logistics and possibilities to the South African market. The exercise was successful since all the agencies received STVA's services with optimism and excitement. Some of the agencies visited were OMD, Carat, Starcom, Marnox Media and Simply Black.

- National events that were scheduled to be held were cancelled due to the financial difficulties the country is faced with currently. The events were the Silver Jubilee and His Majesty King Mswati III's birthday.

- The News department continued to successfully cover Their Majesties' activities both locally and internationally and produced and presented the department's three programmes namely; From the Palace, Shigii and Siyakudvumisa.

- His Majesty King Mswati III attended four trips; the SACU Summit in South Africa, Prince William's wedding in England, India Africa summit in Ethiopia and the Tripartite Summit which was held in South Africa. All four trips were covered successfully.

- STVA had no tapes due to financial constraints and this made working very difficult. The News department does not erase what has been recorded but archives it. However, some of the footage had to be erased because of the challenging financial situation.

- The Station has all along relied on the soldiers on attachment when in international trips. The economic situation in the country has led to the soldiers being not included when going on trips and this affected the teams' work.

- The Legal office also attended to the drafting of a Memorandum of Agreement for the securing of locally produced content from the Swaziland Independent Film and Television Producers Association.

- Moreover, the office attended to the provision of legal advice on the copyrights issues pertaining to the production of a television documentary on the cultural practices of a certain clan living both in Swaziland and in South Africa.

- The delays in enacting the national legislation on broadcasting and communication impacts negatively on the draft process in that the drafted policies will have to be revised to uphold the dictates of the new law.

Financial Situation

- Total revenue amounted to E1.89m and the grant received from government amounted to E2m. The E1.89m raised by the station for its activities is made of advertising income from local and foreign markets, revenue from the STAR department for licence collection, TV rentals, repairs and lastly, from cash sales of appliance and DVDs sales.

- Revenue decreased when compared to the last quarter. Advertising revenue amounted to E1.52m which is 17% lower than the E1.84 that was raised last quarter. The amount raised is also slightly above the budgeted amount of E1.5m. Last quarter was boosted by the "Back to School" specials and it was also anticipated that the country would have a silver jubilee and there would be a lot of advertising required thus, the budgeted figure.

- The performance of the South African market has improved by 50% while the local market performance decreased by 17%. The improvement in the South African market is attributable to the presentations to agencies made by the marketing department last quarter.

- There was a slight increase in licence fee revenue. The amount is, however, still below budget. It is anticipated that in the following quarters this revenue will increase as the raid exercise is still ongoing. STVA engaged fifteen temporary raiders who have already covered the whole of Mbabane and are now in the Lobamba/Mahlanya areas.

- Total operational expenditure amounted to E9.08m compared to E8.32m the previous quarter, a 9% increase. The major cost was on personnel costs which were brought about by the increase in employer's pension contribution from 4.5% to 14.55%. Another expenditure that had a high variance when compared to last quarter was the insurance premium, and the renewal of the policies of the station's assets, which fall due this quarter.

- Salaries amounted to E6.11m. This shows a 6% increase when compared to last quarter. The reason for the increase was that the employer portion of pension had to be increased from 5% to 14% of total basic pay as per recommendation from fund administrators.

- Local advertising income decreased by E468,374 when compared to the previous quarter and is 29% below budget. Last quarter was boosted by the back to school specials while this quarter it was anticipated that there would be the silver jubilee and there would be lots of advertising required.

- There were cashflow difficulties faced by STVA. The Station had difficulty honouring its commitments because only E2m was received as subvention from government instead of E6.01m. Most creditors could not be paid as a result of the shortage of funds.

- There were also challenges in paying monthly salaries. Overdraft facilities totalling to E4m had to be solicited from Nedbank and Swazi Bank to be able to pay salaries. This also led to inability to remit some moneys deducted from payroll e.g. PAYE.

Outlook

- The KBS team will continue to explore every available avenue to make Kusile appeal to every sector of society and create more interest with the viewers and potential advertisers.

- STVA plans to engage the Limkokwing University of Creative Technology for prospective co-existence with regards to training for STVA personnel as an institution of Technology.

- There is a need to rehabilitate the Mnyokane and Siteki transmitter huts which are in a bad state. The leaking roof of the Mbabane transmitter hut need repairing before summer as new equipment worth E2m has been installed in it.

- SPTC will be approached to provide more internet lines for regional news coverage.

Financial Statements

	2011	**2011**	**2010**	**2010**
Income Statement	**June 30**	**March 31**	**Dec 31**	**Sept 31**
Income	1,886,544	2,359,317	1,716,735	1,534,982
Expenditure	9,078,460	8,315,459	8,899,736	10,132,116
Net profit / (Loss)	-7,191,916	-5,956,142	-7,183,001	-8,597,134
Subvention	2,004,336	6,013,839	6,013,839	6,013,839
	-5,187,580	**57,697**	**-1,169,162**	**2,583,295**
Grant -Realized	544,986	544,986	544,986	544,986
Surplus/Loss after subvention	**-4,642,249**	**602,683**	**-624,176**	**-2,038,309**
Balance Sheet				
Fixed Assets	14,410,368	14,946,800	15,685,439	16,448,779

Current Assets	7,952,520	6,963,935	4,657,041	5,079,564
Current Liabilities	13,735,309	4,873,284	3,132,508	2,855,906
Net Current Assets	-5,782,789	2,090,651	1,524,533	2,223,658
Employment of Capital	**8,627,579**	**17,037,451**	**17,209,972**	**18,672,437**
Share Capital	950,000	950,000	950,000	950,000
Reserves	314,556	314,556	314,556	314,556
Capital Grant	8,174,786	8,719,771	9,264,757	9,809,742
Lease creditor	1,203,698	1,215,910	1,446,130	1,538,684
Accumulated Loss/Profit	-2,015,461	5,837,213	5,234,530	6,059,454
Total Capital Employed	**8,627,579**	**17,037,450**	**17,209,973**	**18,672,437**

PEU Comment

It is noted from the report that STVA salaries and wages, excluding other related staff costs, comprise about 63% of total operating expenses. This is a very high percentage for a small organisation that is in a technology industry where processes are expected to be automated and capital intensive rather than labour intensive. To exacerbate this dilemma, STVA has further increased personnel costs by 6% which is a totally unacceptable situation as the organisation is finding itself using a large chunk of its income on personnel costs. Presently, the Station has challenges in paying monthly salaries and is faced with serious cashflow/liquidity problems as evidenced by the high current ratio whereby current liabilities exceed current assets by 73%. STVA had difficulty honouring its commitments because only E2m was received as subvention from government instead of E6.01m. Most creditors could not be paid as a result of the shortage of funds.

There is need for a detailed plan on how STVA will implement the complete restructuring of STVA, including possible rationalisation of the human resources, in particular, the non re-deployable employees.

The offices of the Chief Executive Officer and Chief Financial Officer are still vacant and the PEU advises the Board of STVA to fill these critical and strategic positions.

SWAZILAND NATIONAL HOUSING BOARD (SNHB)

Parent Ministry: Ministry of Housing and Urban Development

The SNHB reported as follows for the quarter,

Operational Review

- The Woodlands Extension I Infrastructure project is the first part of a development over the entirety of a Portion of Portion 3 of Farm 188, which will effectively link Embangweni and Thembelihle. The first phase embraces the servicing of some 130 residential plots. The project was complete and was under the liability period with a few minor additions and repairs of damages due to bad weather. The link road between Thembelihle and Embangweni has been widened to improve the urban planning for the intended commercial development and was opened for public usage. Handover of the site to Mbabane City Council was pending.

- The Woodlands Extension I Housing project is the housing component of the first phase of the development over the entirety of a Portion of Portion 3 of Farm 188 and will comprise the construction and sale of housing on the 130 residential plots. Construction of the 'Demo House' (a type 'D' unit) was completed on Plot No. 152 measuring 1060m^2. Final designs for the nine (9) house types were complete and four (4) house construction contractors have been appointed. A site handover meeting with the appointed contractors was held on the 28th June 2010. Each house construction contract is a package of seven (7) for a performance period of a hundred and twenty (120) calendar days. The construction of the houses was expected to commence on Monday 11th July 2011.

- Woodlands Extension II, which is the remainder of the aforesaid Portion of Portion 3 of Farm 188, has been subjected to an overall land use plan that embraces commercial and housing uses and passive open space. The overall planning has been completed and a broad budget has been developed. Human Settlements Authority (HAS) has approved the development in principle. Submissions for the Engineering consultancy (Design and Supervision) have been received and a recommendation has been made and awaiting the Board's approval. This project was not in the budget of SNHB in the financial year 2011/2012 due to unavailability of funds.

- A concept has been developed for the Woodlands Commercial Centre for a mixed-use development located on the Mbangweni and Thembelihle link road. This is supported by the market research study that was commissioned to assess the feasibility of the development. The overall planning concept was completed and an urban framework was developed. The broad order of magnitude of the overall project has been established. A concept drawing of the proposed commercial centre (supermarket, line shops and service station) has been prepared. A presentation to Mbabane City Council was outstanding. A search for potential tenants of the supermarket and petrol service station was ongoing.

- A total of 33 plots have been sold at Woodlands as at 30th June 2011 valued at E5.59m. 25 plots have been registered to date valued at E4.29m. There were 28 houses sold valued at E19.36m. This amount can be realised once construction of the houses is complete. The total value of the sold properties was E24.95m.

- Swaziland National Housing Board has been charged by the Ministry of Housing and Urban Development with the development of Nkhanini Township in Nhlangano. The township is now fully developed with about 440 serviced plots ranging from 367m^2 to 1410m^2. Infrastructure services such as roads, electricity, sewer, and water are in place and construction was financed by the Ministry of Housing and Urban Development. Currently, Swaziland National Housing Board is working with the service providers involved, in finalising testing of sewer and water infrastructure services. After the approval of infrastructure services, SNHB will apply for the opening of a township register with the Deeds office. Thereafter, the sale of about 220 plots can commence with the rest earmarked for low to medium cost houses for sale in the next financial year.

- A broad planning exercise has been conducted at Matsapha Estates that deals with various issues including landscaping, security, access routes, decoration and the planned development of a centrally placed commercial centre. The initial Architects report was received and commented upon internally. The consultancy included the proposed re-development of the existing Matsapha warehouse. The revised architect's report and drawings were received and were under review. This project is currently on hold due to financial constraints.

- The proposed new headquarters building in Mbabane will be a mixed development including office and commercial space for rent as well as accommodation for SNHB. Building Design Group was notified of their appointment as Architects for the project. An initial design development process was drafted, and a brief on the operations of SNHB was presented to the architects to enhance the design. The architects were given a period of three (3) months to come up with the draft report and design. This project is currently on hold due to financial constraints.

- The Civil Service Housing Project entails the planning and construction of a variety of housing for various Ministries and Departments. A budget of E3.2 Billion has been arrived at. The broad budget was increased to make allowance for possible growth requirements in the various services, and to accommodate Health, Education and Defence. However the potential recurrent resources available may not match the budgeted expenditure which would result in a much reduced capital profile. A design and review process for the generic house types has been drafted and a quotation for this was awaited. Contractual documentation for the Architect and Quantity Surveyor was prepared and was awaiting Board's approval. The design and review for the generic house types and construction materials was ongoing. A preliminary project program has also been prepared for a four stage approach.

- SNHB purchased land within the Ezulwini Urban Area for development and sale of 28 high costs plots. Tenders for the Environment Impact Assessment (EIA) consultant have been adjudicated and was approved by the tender committee. The SNHB Board of Directors has approved and recommended contractor and ICD Development consultants. ICD Development consultants were engaged to conduct the EIA process for Thembelisha township project. The EIA report was submitted to the SEA for review and has been approved by Swaziland Environment Authority (SEA). Now that the EIA report has been approved it will go for public review. All comments from the public review shall be incorporated into the comprehensive mitigation plan and re-submitted to the Swaziland Environment Authority for approval prior to the commencement of the project. The civil works contractor was handed site at the end of May 2011 and the construction work was in progress for project duration of 180 calendar days.

- Swaziland National Housing Board has been granted two plots in the Ngwenya Village for a mixed commercial/residential development. A selected bid process for architectural services was undertaken and a recommendation was made.

- Hostel (also known as Ghetto) is one of SNHB's oldest properties and has reached the end of its useful life, to the point where conditions for the tenants are injurious to health. Opposite this site are housing units owned by Mbabane City Council but managed by SNHB that are equally dilapidated. Both of these plots need to be re-developed in such a way that usage is maximised without prejudicing the comfort of potential tenants. A selected bid process for Architectural services along the lines of that organised for the Matsapha and Ngwenya projects has been drafted. A shortlist of Architects needs to be drawn up. The project is currently on hold due to financial constraints.

- Staff recruitment was completed. The Board decided on a staggered approach to the recruitment, as such all the positions that were identified as critical have been filled. The rest of the positions will remain vacant until further notice.

Financial Review

- The results of operations reflected an overall loss of E709 850 compared to a budgeted loss of E1.88m. This was due to poor sales of the Woodlands Township in the first month of the quarter.

- Property sales amounted to E1.84m against a budget of E4.99m reflecting a negative variance of 63.07%. This was due to delays in the sale of Woodlands Township caused by issues that have since been resolved.

- Gross rental income amounted to E4.72m against a budget of E4.77m. The budget was based on an increase of 4%.

- Interest receivable totalled E143,749 against a budget of E180,000 reflecting a negative variance of 20.14%. This was due to decrease in cash balances and the prevailing low interest rates.

- Total gross expenditure on property development amounted to E 1.10m against a budget of E12.5m. This was due to a delay in various projects to take off such as Thembelisha and Woodlands house construction which were budgeted for.

- Total net rental debtors amounted to (E297,630) compared to (E335,660) the previous quarter. Total gross debtors amounted to E500,844 compared to E426,122 the previous quarter. Total accounts received amounted to E296,801. The difference of (E799,195) between the gross and net rental debtors was due to prepayments by some tenants.

Financial Statements

	2011 June 31	**2011 Mar 31**	**2010 Dec 31**	**2010 Sept 30**
Income Statement				
Sales	154,762	-656,583	-347,022	417,216
Rental	3,043,822	13,790,115	2,757,756	2,641,414
Other	2,731	28,220	-	-
Sale of assets	-	-	-	-
Interest	143,749	114,131	152,240	173,496
Total Income	**3,345,064**	**13,275,883**	**2,562,974**	**3,232,126**
Cost of sales	-	-	-	4,805,456
Gross Profit (Loss)	3,345,064	13,275,883	2,562,974	3,232,126
Overhead expenses	4,054,914	3,794,855	4,245,612	3,150,212
Profit/(Loss)	**-709,850**	**9,481,028**	**-1,682,638**	**81,914**

Balance Sheet

Fixed Assets	194,482,695	194,680,265	181,514,212	181,052,153
Investments	61,600	61,600	61,600	61,600
Deferred taxation	38,639,735	36,492,782	36,492,782	36,492,782
Deferred Grant Income	24,800,000	42,170,000	-	-
Current Assets	98,140,652	99,041,938	53,875,655	51,420,686
Current Liabilities	17,423,588	15,831,175	18,911,564	17,973,950
Net Current Assets	80,717,064	83,210,763	34,964,091	33,446,736
Total Employment of Capital	**211,821,624**	**199,289,846**	**180,047,121**	**178,067,707**
Capital – Government of Swd	10,800,000	10,800,000	10,800,000	10,800,000
Non-Distributable Reserves	31,648,123	14,451,215	12,265,457	13,054,630
Retained Income-Prior year	99,034,480	93,727,391	93,727,391	93,727,391
Retained Income-Current year	-749,093	7,487,329	-1,989,194	-306,555
Long-term liability	71,088,115	72,823,912	65,243,466	60,792,242
Total Capital Employed	**211,821,625**	**199,289,847**	**180,047,120**	**178,067,708**

Key Financial Indicators

Ratio	**Formula**	**1st Quarter**	**4th Quarter**
Current Ratio	Current assets/current liabilities	1:5.6	1:6.26
Acid Test Ratio	Current assets-inventory/current liabilities	1:0.69	1:0.79
Gearing Ratio/leverage	Total debt/ Total debt + Equity	52%	57%

PEU Comments

A deficit of E709 750 was realised by SNHB compared to a profit of E9.48m the previous quarter. Budget for the quarter was a deficit of E1.88m resulting in a positive variance of 62%. The Board's performance was better than what they had anticipated.

A number of the Boards projects have been suspended due to the unavailability of funds. The parastatal has an obligation to find alternative ways of funding their projects in order to fulfil their mandate of providing affordable housing for Swazi Citizens. Reducing their costs so to improve their balance sheet in order to be able to borrow money and commence with their projects is another initiative the Board can explorer. Another alternative would be recapitalization of the Board either by Government or strategic partners who will contribute by providing a broad range of initiatives, financing of investments and transfer a certain degree of risk from the public sector to the private sector.

The Board's liquidity position dropped from 6.25:1 the previous quarter to 5.6:1 this reporting period reflecting a 10.4% decline. Although a decline was noted, the Board is still in a position to pay its current liabilities. The Acid Test ratio indicates that most of the Boards current liabilities are not highly liquid as current assets are only able to payoff 0.69of the Boards current liabilities.

NATIONAL RESPONSE COUNCIL ON HIV/AIDS (NERCHA)

Parent Ministry: Prime Minister's Office

NERCHA reported as follows for the quarter,

Operational review

- The Country Coordinating Mechanism (CCM) established a project development team drawn from people living with HIV, United Nations, NERCHA directorate, Civil Society, private and public sector to improve the round 10 proposal for resubmission under the call for round 11.

- The Ministry of Tinkhundla Administration and Development was finalizing the National Care Point Strategic Plan and Implementation Plan which will be completed and launched in September. The process was supported by UNICEF.

- The process of developing the National Plan of Action (NAP) resumed. The NAP will be guided by the result framework provided by the National Strategic Framework.

- The Geographic Information Management System (GIS) for reporting on HIV and AIDS programmes is fully developed and functional. The first report will be produced using the system for the July - September quarter. The system is also used to map HIV service provision sites and a total of KaGogo Centres and 1550 National Care Points have been mapped. Monitoring reports for the HIV and AIDS response will be linked to the GIS system to provide spatial display of results.

- The Global Fund reviewed the capacity of the Principal recipient function within the NERCHA Directorate and strongly suggested that it needed to be strengthened to ensure proper management of Global Fund grants in Swaziland.

- NERCHA worked in collaboration with the Community Development Unit in the Ministry of Tinkhundla in the implementation of impact mitigation programmes targeting Orphans and Vulnerable Children (OVC).There was consensus to develop a strategy to equip the Unit to respond to OVC programmes in a coordinated and holistic approach. A zero draft of the strategy was developed but had since been held in abeyance following the upgrading of the Community Development Unit into a Department status that will be led by a Director.

- The National AIDS Spending Assessment (NASA II) report was completed. It summarised estimated HIV expenditures for the country in the last 3 years. The largest proportion of the funds was sourced from international organizations accounting about 60% of the total funds, 37% from government and 3% from private sector.

Financial Situation

- Disbursements received were as follows: Global Fund E2.3m, Young Heroes E371,966 and ICAP E1.78m.

- The coordinating expenses amounted to E6.18m compared to E6.9m last quarter . Total projects expenditure was E11.7m compared to E37.8m last quarter. The decrease was due to non availability of funds from government and the Global Fund to finance activities.

- Interest amounting to E366,646 was received against E405,127 last quarter.

Outlook

- The Council will continue to facilitate and support development of the Global Round 11 proposal and also the development of a costed National Plan of Action.

Financial Statements

Income Statement	**2011 June 30**	**2011 Mar 31**	**2010 Dec 31**	**2010 Sept 30**
Income	277,330	4,068,836	-910,430	-1,602,475
Expenditure	6,177,594	6,887,348	6,426,527	6,708,661
Net profit / (Loss)	**-5,900,264**	**-2,818,512**	**-7,336,957**	**-8,311,136**
Programmed Expenditure				
Prevention	511,845	4,197,951	7,905,872	1,298,607
Care and Support	1,640,865	10,746,136	18,247,400	15,604,810
Treatment	6,209,754	17,887,874	15,440,766	35,349,550
Supportive Environment	403,471	631,625	1,470,449	604,648
Monitoring and Evaluation	1,135,773	1,841,982	3,246,413	2,585,870
Malaria	2,368,615	2,251,509	5,780,791	1,540,373
Tuberculosis	1,490,294	2,067,876	1,895,114	2,165,886
Coordination Administration	185,869	425,478	1,021,872	416,259
Young Heroes	478,835	961,015	530,667	230,364
Health System Strengthening	5,251,370	3,622,648	-	3,910,948
National Aids Conference	-	67,369	348,252	28,400
Information Centre	259,702	326,178	289,115	421,442
Regional Coordination	908,794	-	785,772	1,029,845
Total Prog Expenditure	20,845,187	45,813,413	76,857,354	68,928,082
Net expenses	26,745,451	48,631,925	68,454,459	77,239,218
Realized Grant Income	**26,745,451**	**48,631,925**	**68,454,459**	**77,239,218**
Overall Net Profit	**0**	**0**	**0**	**0**
Balance Sheet				
Fixed Assets	21,447,167	20,022,985	19,534,717	18,001,299
Current Assets	82,101,413	115,053,941	144,416,196	163,614,124
Current liabilities	58,972,320	55,268,770	68,063,736	85,148,037
Net Current Assets	23,129,093	59,785,171	76,352,460	78,466,087
Employment of Capital	**44,576,260**	**79,808,156**	**95,887,177**	**96,467,386**
Grants + Deferred income	71,321,711	339,227,078	306,674,175	222,478,284
Realized Grant	-26,745,451	-259,418,922	-210,786,998	-126,010,898
Total Capital Employed	**44,576,260**	**79,808,156**	**95,887,177**	**96,467,386**

PEU Comments

NERCHA provides leadership in the coordination and facilitation of the national multisectoral emergency response to HIV and AIDS, by creating an environment that supports effective service delivery to the people of Swaziland.

The scarcity of cash flows experienced by Government had adversely affected HIV service delivery and coordination activities thus leading some activities being suspended indefinitely and these include among others subvention to coordinating bodies as AMICAAL, CANGO and SWANNEPHA.

We applaud Global Fund’s review on the suggestion of strengthening capacity of the Principal Recipient function within the NERCHA Directorate to ensure proper management of Global Fund grants in Swaziland. The Council had reported on some corrupt allegations on the use of the funds from Global Fund in the previous quarter..

GOOD SHEPHERD HOSPITAL

Parent Ministry: Ministry of health

GSH reported as follows for the quarter,

Operational review

- The main aims and objectives of the hospital is to promote the concept of healing and wholeness in a Christian spirit as a state of physical, mental and spiritual well being as provided in the constitution of the World Health Organization. The Hospital provides medical, para medical education and related health services in the Lubombo Region.

- A total of 12,870 patients were treated at the Out Patient Department compared to 12,487 last quarter.

- A total of 1,262 children were treated at the Out patient Department.

- There were 1,208 people visited under the Home Based Care programme. A total of 51 homes were visited, 18 people were tested for HIV and 52 people were screened for TB.

- 797 people under the epilepsy program were supplied with drugs.

- A total of 1,951 patients were admitted in the hospital compared to 1,931 in the last quarter.

- 745 babies were born in the quarter compared to 721 babies the previous quarter.

- There were 712 patients who were attended at the VCT and 7,206 on ART.

- There were18,704 laboratory test performed compared to 29,791 last quarter.

Financial Situation

- A deficit of E861,809 was incurred compared to a surplus of E417,721 last quarter.

- Total income amounted to E 10.35m compared to E11.63m last quarter.

- Drug fees were E497,223 compared to E477,442 last quarter.

- The drug expenditure was E1.28m compared to E951,137 last quarter

- Total expenditure remained E11.2m.

Financial Statements

Income Statement	2011 June 30	2011 Mar 31	2010 Dec 31	2010 Sept 30
Subvention	9,113,920	10,491,557	10,491,557	10,491,557
Other income	1,231,156	1,140,646	1,232,562	1,259,052
Total income & subvention	**10,345,076**	**11,632,204**	**11,724,119**	**11,750,609**
Expenditure	11,206,885	11,214,482	11,932,845	11,634,030
Surplus/Deficit	**-861,809**	**417,721**	**-208,725**	**116,579**

Fixed Assets	39,409,218	38,826,471	38,819,541	38,805,093
Current Assets	2,610,124	4,421,710	3,716,917	4,071,914
Current Liabilities	23,029,349	20,950,290	19,758,466	19,712,424
Net Current Assets	-20,419,225	-16,528,580	-16,041,549	-15,640,510
Total Employment of Capital	**18,989,993**	**22,297,891**	**22,777,992**	**23,164,583**
Capital Reserve	20,305,673	20,305,673	20,305,673	20,305,673
Retained Earnings	-11,652,072	-8,344,175	-7,864,074	-7,477,483
Profit for the year		-	-	-
Revaluation Reserves	10,336,393	10,336,393	10,336,393	10,336,393
Total Capital Employed	**18,989,993**	**22,297,891**	**22,777,992**	**23,164,583**

PEU Comments

The hospital made a deficit of E861,809 compared to a profit of E417,721. This was due to one month subvention of E4.5m not received by the hospital. The government of Swaziland is faced by cash flow problems thus unable to pay out subvention at the appropriate time. The hospital relies heavily on government subvention for its survival. During the quarter 89% of its revenue was government subvention.

The hospital continued providing medical and related health services in the Lubombo region. It is therefore important that governments ensures that drugs are always available at the Government Medical Stores for the hospital as it is located in poverty stricken region and serving the under marginalized people who will not afford unsubsidized medication.

Swaziland Nazarene Health Institutions

Parent Ministry: Health

SNHI reported as follows for the quarter:

Operational Issues

- Swaziland Nazarene Health Institutions comprises of three different institutions; the Raleigh Fitkin Memorial (RFM) Hospital, 17 Nazarene Community Clinics; and the Nazarene College of Nursing (NCN).
- RFM Hospital and NCN are both located in Manzini. The 17 Nazarene Community Clinics are located throughout Swaziland.
- The main objective of the institution is to provide quality health care services and to ensure that curative, promotive and rehabilitative health care services are provided in a cost effective manner.

Raleigh Fitkin Memorial (RFM) Hospital

Overview of Operations

Activity	June 2011 Quarter	March 2011 Quarter	December 2010 Quarter	Sept 2010 Quarter
RFMH ACTIVITY				
Patients seen	57,402	54,047	57,431	57,250
Medications issued	162,664	148,956	148,736	140,913
Admissions	3,565	3,561	3,321	3,392
Average length of stay/Days	4	5	5	5
Occupancy rate	61%	54%	57%	56%
Death rate	7%	9%	8%	9.20%
Number of babies delivered	2,521	2,205	1,904	1,965
Minor surgeries	1,140	1,031	951	949
Major surgeries	503	422	606	620
Number of patients initiated on ART	588	695	845	706
Total number of patients receiving ART	7,434	7,177	20,913	18,770
CLINICS ACTIVITY				
Number of patients seen	26,372	47,073	42,384	26,182
Antenatal care	2,172	2,011	1,839	1,849
Cases of family planning	5,232	3,980	4,182	4,253
Emergency deliveries	1	5	0	1

Child welfare	8,399	8,060	8,660	7,014
Male Circumcision	-	0	0	0
ART initiation	26	128	107	66
ARV refills	2,443	2,351	1,338	1,015

- The Intensive Care Unit/Renal Unit was near completion. Staff members that will be working in the ICU/ Renal Unit are currently being trained by the various companies that are supplying the equipment on the use of the equipment. The training was ongoing.

- The Institution focused on customer care training and more than 50% of the staff had been trained. The purpose of the training on customer care is to establish and maintain good relationship amongst RFMH/SNHI employees and its customers. The training was facilitated by "One World Human Capital consultancy" which is a company that specializes on public relations and communication.

- The Baylor College of Medicine Texas Children's Foundation Swaziland continued to provide HIV care and treatment to the children in the RFM Hospital. More than 1,142 children are currently under their care to which they provide psychosocial support for them and their families.

- Nuerous scientific sessions were conducted for doctors, family nurse practitioners, nurses and paramedical staff.

- The wellness programme team in collaboration with COSAD hosted one day training. The training was to alert RFM staff members on drug abuse and drug addiction.

- The Ministry of Health through the non communicable diseases program conducted week long training on diabetes mellitus (DM) for the clinics under the Hhohho region. The main objective of the training was to roll out the management of DM to undiagnosed DM. HIV/AIDS had a role to the factors contributing to diabetes mellitus.

- Nurses in the communities were trained in analysis and use of service data at facility level in order to improve quality and service delivery. The community clinics were frequently monitoring performance indicators to ascertain the effectiveness of the PMTCT.

- Accessibility to health services remained low in most communities due to long distances and lack of transport to health facilities.

- The faculty of Health Science under the auspices of Southern African Nazarene University continued to offer two programmes, which are Diploma in General nursing science and Midwifery Nursing Science. The general nursing science programme is a three year programme with level 1, 2 and 3 and Midwifery is a post graduate nursing science certificate programme making it a level 4 course.

- The construction of the ICU and renal dialysis unit is nearing completion. The value of the work completed was E13.07m and had been fully paid.

Financial Situation

- Total income for the quarter amounted to E24.56 compared to E25.62m. This figure comprised of Government subvention of E21.68m, revenue collection amounting to E1.41m and Drugs and medical supplies amounting to E1.47m.

- Total expenditure for the quarter amounted to E26.32m compared to E28.87m last quarter.

- Deficit for the quarter amounted to E1.76m compared E3.25m last quarter. This was mainly as a result of accrued income tax.

Financial Statements

	2011	**2011**	**2010**	**2010**
Income Statement	**June 30**	**Mar 31**	**Dec 31**	**Sept 30**
Income	24,555,865	25,624,574	23,391,589	23,522,136
Expenditure	26,316,154	28,874,444	26,675,301	28,641,552
Profit	**-1,760,289**	**-3,249,870**	**-3,283,712**	**-5,119,416**
Balance Sheet				
Buildings, Fixt. & Fitt	145,139,873	140,413,623	140,413,623	137,413,623
Furniture & Equipment	24,304,383	24,142,516	24,142,516	24,102,516
Motor Vehicles	1,230,000	1,230,000	1,230,000	1,230,000
Current Assets	9,501,790	6,786,209	8,524,412	10,362,902
Current Liabilities	30,096,158	21,044,439	19,671,818	12,433,184
Net Current Assets/Liabilities	-20,594,368	-14,258,230	-11,147,406	-2,070,282
Employment of Capital	**150,079,888**	**151,527,909**	**154,638,733**	**160,675,857**
Capital Grants	170,674,256	165,786,139	165,786,139	162,746,139
Long-term loans	-	-	-	-
Reserves	6,935,361	4,619,983	4,507,786	5,259,967
Accumulated Surplus/Deficit	-27,529,729	-18,878,213	-15,655,192	-7,330,249
Provisions	-	-	-	-
Capital Employed	**150,079,888**	**151,527,909**	**154,638,733**	**160,675,857**

PEU Comment

During the quarter under review the Hospital recorded a total of 57,402 outpatient compared to 54,047 outpatients attended last quarter. During the year 2010/2011 the total number of patients seen at the outpatient were 171,108 compared to 167,050 in 2009/2010. The figures had shown an increase in the number of patients over the two years and calls for preparedness and pro-activity by the hospital to manage these numbers.

The institution's ability to continue as a going concern is dependent on the continuation of the subvention by government as it is currently 94% of its total revenue. The shortage of drugs at the Central Medical Stores continues to be a cause for concern as it results in patients being given prescriptions to go and buy from private pharmacies. This exposes the vulnerable people since they will be unable to buy from these expensive private pharmacies.

The ICU/Renal Unit nearing completion at the RFM will be of great importance in assisting patients with the relevant services. Patients will now be assisted in both RFM and Mbabane instead of flooding Mbabane and then be transferred to South Africa where the government is charged very high medical fees on the patients. RFM will be the first hospital to have a Renal Unit for dialysis that is currently done in South Africa. The availability and use of these facilities will go a long way minimising costs to government.

The hospital continues not to remit PAYE deducted from employees to the Income Tax/ Swaziland Revenue Authority (SRA) and the accruals continue to increase and it will be very difficult for the hospital to clear this amount with SRA. It is there fore critical that the institution remits to SRA on a monthly basis.

SWAZILAND YOUTH ENTERPRISE FUND

Parent Ministry: Ministry of Sports, Culture and Youth Affairs

Swaziland Youth Enterprise Fund reported as follows for the quarter,

Operational Review

- The Youth Enterprise Fund is an empowerment fund for young people between the ages of 18 - 35 years aimed at contributing to the reduction of youth unemployment through the provision of business capital for qualifying individuals, companies and associates.

- A total of 1,215 Loan applications were received by the Youth Enterprise Fund from applicants and were forwarded to Imbita Finance Trust for consideration and short listing. The YEF office provided the intermediary with the amount of funds available for on lending and this guided the short listing process. A total of 143 loans amounting to E1, 996,313 were considered by the intermediary and submitted to the YEF office.

- The Youth Enterprise Fund facilitated a strategic planning workshop at the Orion Hotel from the 23rd to 26th June 2011. Participants included the YEF Board of Directors, YEF secretariat, Imbita Women's Finance Trust, The Public Enterprises Unit, Swazi Commercial Amadoda, Swaziland National Youth Council were all involved in the strategic planning process. LCC Capital Consultancy firm was commissioned by the Board of Directors to facilitate the process. The key strategic objectives that were identified in the strategy include, Sustainability & Resource Mobilization; Institutional Capacity Development; Strategic Alliances Development; Governance & Advocacy. The strategy provides a basis for extraction of an annual plan that will be implemented by the Secretariat.

- The Youth Enterprise Fund office organised an official field tour for the Honourable Minister of Sports, Culture and Youth affairs on the 27th of June, 2011 at Mpolonjeni Inkhundla, in the Lubombo region. Five projects were visited by the Minister and they included vegetable growing, dressmaking, grocery, cleaning chemicals and block making. Almost all of the businesses visited were performing well. Young people were motivated by the Honourable Minister's visit and expressed their appreciations to the Youth Enterprise Fund for the business opportunities availed to them. They emphasised that their lives have changed since they engaged in the various businesses.

- The office continued to disseminate information to the public about the Fund through Print Media and SBIS. The office partnered with the Ministry of Tinkhundla and Swazi TV in disseminating information on the progress and processes for acquiring the Fund. Six businesses were visited by Swazi TV and documented for the Sive Siyatfutfuka Show. Businesses showcased included:
  - Saloon business operated at Dvokolwako
  - Gas Filling operated at Kakhoza
  - Brideryware and equipment hire operated at Mahlanya
  - Poultry business operated at Mahlanya
  - Grocery business operated at Lukhula
  - Dressmaking business operated at Matsetsa

Financial Situation

- Total Income received amounted to E431,660 compared to E472,460 received the previous quarter. This comprised of the Government Grant (E400,562) and interest received from the call account (E31,098).

- Total expenditure incurred amounted to E431,660 compared to E472,460 the previous quarter. Operating expenses were financed through the Government Grant and interest income earned from the call account the fund has with Standard Bank Swaziland.

Outlook

- Since the Board has undertaken its long awaited strategic planning process, the office shall develop an annual plan which will be extracted from the strategy.

- Approval of Phase II loans and training of beneficiaries will be done.

- The Commonwealth Youth Programme has been approached and requested to support the attachment of Technical Advisor to the Fund. It is expected that the attachment period will be six months commencing in the month of September 2011.

Financial Statements

	2011	2011	2010	2010
Income Statement	**June 30**	**Mar 31**	**Dec 31**	**Sept 30**
Income and Subvention	431,660	472,460	421,785	1,467,993
Expenditure	431,660	472,460	421,785	1,467,993
Surplus/Deficit	**-**	**-**	**-**	**-**
Balance Sheet				
Fixed Assets	6,211,297	6,255,799	6,310,230	3,332,694
Investments	-	-	-	-
Current Assets	4,879,620	5,239,512	5,803,845	9,303,693
Current Liabilities	219,255	23,086	-	-
Net Current Assets/Liabilities	4,660,365	5,216,426	5,803,230	9,303,693
Employment of Capital	**10,871,662**	**11,472,225**	**12,114,075**	**12,636,387**
Share Capital				
Deferred Income	10,871,661	11,472,224	12,114,075	12,636,386
Long Term Loan	-	-	-	-
Total Capital Employed	**10,871,661**	**11,472,224**	**12,114,075**	**12,636,386**

PEU Comments

It is noted that the Youth Enterprise Fund continued to fulfil its mandate of Empowering the Youth through the provision of loans.

It is also noted that the Youth Enterprise Fund has taken it upon them to visit the funded projects which is an encouragement to the Youth.

It is essential that the funded businesses pay back the loans so to be able to fund other businesses. Therefore the YERF has an obligation to make sure that the funded projects are viable and self sustainable. The Fund has to work together with other organisations that deal with youth development issue and vigorously train the beneficiaries.

<u>**SWAZILAND NATIONAL COUNCIL OF ARTS AND CULTURE**</u>

Parent Ministry: Ministry of Sports, Culture and Youth Affairs

SNACAC reported as follows for the quarter,

Operational Review

- The Swaziland National Council of Arts and Culture is an umbrella body for arts and culture, whose business is to promote and add value to the artistic endeavours of the Swazi Nation. SNCAC is mandated to co-ordinate national artistic talent, develop and promote it in conjunction with government.

- The Council partnered with Macmillan Swaziland and National Centre to consult relevant stakeholders on the prospects of introducing formal arts and culture education in the Kingdom. The symposium was aimed at providing a forum for stakeholders to engage, interrogate, deliberate, and consult and to consider how Arts and Culture can be streamlined into the education and training sectors i.e. the formal, non-formal and informal structures.

- The Council established a partnership with the organizers of the international renowned Bushfire Arts Festival for the purposes of furthering the arts development agenda in the Kingdom. A group of artists were identified by the Council to participate in the festival thus paving a way for them to build a profile name for themselves not only locally but also internationally.

- The Swaziland Schools Culture Association, an Arts and Culture affiliate held the schools culture competitions that saw school going youngsters competing in various arts codes namely; Choral, Ummiso, Ingadla, Sibhaca and Drum majorettes.

- SNCAC provided training to the teachers and the school children in preparations for the national competitions. The culture resource persons were further deployed to all the regions to adjudicate in the eliminations and to the finals. The training exercise was to ensure that the competitions maintain a set standard and further improve the traditional dance among the young population.

- Lobamba Zonal Schools Culture day – SNCAC prepared and facilitated the training of school children on the various arts codes namely; Ummiso, Ingadla, Sibhaca, Umbholoho and there after to participate in the joint event themed Lobamba Schools Culture Day celebrations. Resource persons were provided to help the participating school children ready for their showing during the culture day.

- Mankayane culture Day – SNCAC participated in the preparation and hosting of the Mankayane Branch Culture Day Celebrations at Mankayane Sports Ground. The best performing school and individuals were awarded. Cultural activities were in the tune of Umkosho, Ummiso, Umbholoho, Sibhaca and Ingadla.

- Miss Cultural Heritage Eliminations – A tender to run the Miss Cultural Heritage was awarded to Wel C Communications. The theme for the event was "Buhle Bentfombi Kutiphatsa Kahle Kwayo" and this event kick started on a high note with girls being scouted from all the four regions of the country. The competition finals will take place in the next quarter.

- Ummemo – the Council was able to facilitate the participation of local traditional dance groups in Immemo ceremonies held in Mpumalanga, South Africa. Participating in these cultural programmes is meant to strengthen the existing relationships of the traditional authorities between the two countries. The cultural groups had further realized an opportunity to display and market their products.

- Youth Symposium - The Council is one of the implementing partners to the Youth Charter, which is spearheaded by the Swaziland National Youth Council. This charter advocates the recognition of the youth and youth issues in all areas of governance. Swaziland is one of the member states that had rectified this charter, hence the Council is participating in these meetings that seek to domesticate the charter to suite local content.

Financial Statements

Income Statement	**2011 June 30**
Subvention	214,200
Other income	2,000,000
Total income & subvention	**2,214,200**
Expenditure	2,246,566
Surplus/Deficit	**-32,366**

PEU comments

The Council made a deficit of E32,366. This was due to lesser amount received as subvention compared to the budgeted figure The Council for the first time had submitted its quarterly reports since it was gazetted as a category A Public Enterprise.

SNCAC is an umbrella body for arts and culture in the country, promoting Swazi talents locally and internationally. The Swazi culture had gained interests from international partners as we usually have quite a number of tourists during cultural celebrations in the country in the likes of Umhlanga Reed dance, Incwala ceremony and others.

SWAZILAND NATIONAL SPORTS COUNCIL (SNSC)

Parent Ministry: Ministry of Sports, Culture and Youth Affairs

Swaziland National Sports Council reported as follows for the quarter,

Operational Review

- There was a marked improvement in the delivery of the Asidlale menu activities. The improvement may be attributed to the host of workshops conducted in January -February 2011 and the engagement of centre coordinators for Maseyisini and Kukhanyeni in May 2011. The Asidlale programme embraces children between the ages of 7 and 15 years.

- The office visited centres mainly for mentoring of the centre leaders and monitoring of the delivery of activities. The office also provided an opportunity for collection of monthly reports and disbursement of monthly stipends for the coaches.

- A First Aid Level 1 workshop was held at the Baphalali Swaziland Red Cross Society, Mbabane Offices for centre and club leaders. The workshop was founded on the essential First Aid Level 1 Manual for Southern Africa and addressed the following areas: the principles of first aid, action in an emergency, multiple casualties and injuries, major first aid techniques, the recovery position, etc

- A rope skipping course was held at the Olympafrica centre on the 15-16 May 2011. The course focused on introduction to the events skills and events routines. These are areas covered in the rope skipping specific level 1 Coaches Manual.

- The Asidlale program held its sports awareness day and launching on the 4th of June 2011 at Olympafrica Centre. Different sports associations came to demonstrate how their sports are played to the Asidlale participants. Sports associations that were present included: Tennis, table tennis, badminton, golf, weight lifting, gymnastics, and martial arts. Positive living fun games were also staged during the event. Participants were from all centres namely Siteki, Maseyisini, Mhlangatane, Ekukhanyeni, Piggs Peak, SOS, Lobamba and Kilima. Malkerns was not present due to inactive club leader. The event was a huge success and was punctuated with the official launching of the program by principals of the Sports Council and the Olympic Committee of Swaziland (SOCGA). The program logo was unveiled and the program banners were on display.

- The Membership Fund's draft allocation criterion was presented to membership on the 11th June 2011 at the George Hotel (Manzini). The meeting was well attended with only two associations out of 30 that did not attend. Membership accepted the criterion in principle and offered to input into it within 21 days after which it has to be brought to its finalisation. The main concern was that the criterion must provide a leeway for motivation for exceptional cases.

- The Sport Education Authority (SEA) has developed an audit instrument for technical personnel serving in the country. This audit seeks to determine the numbers and qualifications of such personnel across membership. The instrument was sent out to members; however the feedback in terms of submission back was slow.

- The two Technical Working Groups (TWG) members of Swaziland attended the aforesaid session in Maputo. It transpired in this meeting that the country needs to slow down and align or embrace the regional activities into its working plan for the year.

- Members of the staff participated in various national activities through the human resource staff program. They participated in the KwaMagogo Run/walk which was held on the 18th June 2011. The department manned a water station in Mazini. Council staff members also took part in the running. The council's soccer team also participated in the six-aside tournament organised by Ezulwini Sun through the staff support program.

- In its publicity endeavour, the Council was part of the Manzini Club run around race that was organised by the Golden Foot Club. The Council was manning a water station that was adjacent to the Mavuso Trade Centre. This race attracted a lot of prominent and public figures that included 5 Cabinet Ministers and Members of Parliament.

- The department was also part of the Kwa-Magogo Trelawney Park 10 km race that was staged in June 2011. The department manned a water station in Manzini. The department strive to ensure that Council is represented in all sporting events that occur in the country.

- The Office participated in the SMK Sports Academy walk that was staged in Matsapha on the 25th June 2011. This walk was to sensitize the public about the newly formed academy.

- The Council secured a sum of two hundred thousand emalangeni (E200 000) from Swaziland Posts and Telecommunication Corporation through the Swazi Post Business. This money will be used to facilitate games for the disabled community in the schools and institutions. The money will also cater for annual disabled sports day that will be staged in October.

- The office secured a 25% discount from Swaziland Royal Insurance Corporation (SRIC) on the premiums for the buses, in return for partial branding of the council buses. The discount will be staggered over a period of two (2) years with 15% applicable in the 1st year and 10% applicable in the 2nd year. On expiry of the discount the department will negotiate with SRIC for a new deal.

- The Council participated in the mini Indaba that was arranged by the Ministry of Information, Communication and Technology. The mini Indaba was attended by sport journalists from all the media houses in Swaziland and representatives from the Swaziland National Archives. The mini Indaba was facilitated to address the role of the media in sports development. The meeting specifically addressed issues of archiving sporting events for future generations and also for reference.

- The office engaged 32 Acres Company for branding the Council bus.

- The office collaborated with the athletics, boxing, taekwando and dance sport associations in hosting press conferences and media briefings. This was held specifically to present medals and trophies won from international competitions.

Outlook

- A pre assessment test of the Asidlale programme is scheduled for November 2011 to provide the necessary benchmark.

- The partnership agreement for the Asidlale program was only up to 30 June 2011 and has since seized. The partners were engaged in concerted efforts to extend the agreement. The program shall however continue to be delivered under the Sports Council banner if the previous agreement is not renewed.

- The department will strive to ensure that council is represented in all sporting events that occur in the country and also participate where possible.

- The council will continue to scout for private partnership for the council and other programmes.

Financial Situation

- A deficit of E504, 664 after subvention was realised this quarter. Budget for the quarter was a surplus of E126, 249 resulting in a negative variance of E630, 913 (499%)

- Total expenditure incurred amounted to E1.11m compared to a budget of E8.18m resulting in a positive variance of E7.07m (86%).

Financial Statements

	2011
Income Statement	**June 30**
Income	9,993
Expenditure	1,113,907
Operating profit/loss	**-1,103,914**
Subvention	599,250
Surplus/Loss after subvention	**-504,664**
Balance Sheet	
Fixed Assets	794,740
Investments	-
Current Assets	2,337,152
Current Liabilities	94,491
Net Current Assets/Liabilities	2,242,661
Employment of Capital	**3,037,401**
Share Capital	
Retained Income	2,478,058
Long Term Loan	559,342
Total Capital Employed	**3,037,400**

PEU Comments

It is noted that the Council has embark on a number of initiatives to try and reduce their costs. This includes a 25% discount they secured with Swaziland Royal Insurance Corporation (SRIC) on the premiums for the buses, in return of partial branding of Council buses and savings of about 50% that will be realised from rental expenses as the council will be relocating from Dlan'beka to Print Pak (Mbabane Industrial Site).

APPENDIX 1 - TABLE OF REPORTING COMPLIANCE

ENTERPRISE	QTR 30/09/10	QTR 31/12/10	QTR 31/03/11	QTR 30/06/11	ANNUAL 2009/10
1. Swaziland Dairy Board	X	X	X	X	X
2. National Maize Corporation	X	X	X	X	
3. Swaziland Cotton Board	X	X	X	X	X
4. National Agricultural Marketing Board	X	X	X	X	X
5. Royal Swazi National Airways Corp	X	X	X	X	
6. Swaziland Railway	X	X	X	X	X
7. Central Transport Administration					
8. Swaziland National Provident Fund	X	X	X	X	X
9. Swaziland Development & Savings Bank	X	X	X	X	X
10. Swaziland Electricity Company	X	X		X	X
11. Swaziland Posts & Telecommunications Corporation	X	X		X	X
12. Water Services Corporation	X	X	X	X	X
13. National Industrial Development Corporation*					
14. Small Enterprises Development Company	X	X	X	X	X
15. Commercial Board*					
16. Swaziland Development Finance Corporation	X	X	X	X	X
17. University of Swaziland	X	X	X	X	X
18. Sebenta National Institute	X	X	X	X	X
19. Piggs Peak Hotel	X	X	X	X	
20. Swaziland Television Authority	X	X	X	X	X
21. National Housing Board	X	X	X	X	X

22. Swaziland National Trust Commission	X	X	X	X	X
23. Swaziland Tourism Authority	X	X	X	X	X
24. Swaziland Tourism Development Company					
25. Swaziland Investment Promotion Authority	X	X	X	X	X
26. Motor Vehicle Accident Fund	X	X	X	X	X
27. Swaziland Water and Agricultural Development Enterprise	X	X	X	X	X
28. Commission for Mediation, Arbitration and Conciliation	X	X	X	X	X
29. National Emergency Response Committee on HIV/AIDS	X	X	X	X	X
30. Swaziland Environment Authority	X	X	X	X	X
31. Swaziland Standards Authority	X	X	X	X	X
32. Swaziland Revenue Authority			X	X	
33. Swaziland Competition Commission	X	X		X	
34. Swaziland Nazarene Health Institutions	X	X	X	X	X
35. Siteki Good Sheppard Hospital	X	X	X	X	
36. Swaziland Civil Aviation Authority	X	X	X	X	
37. Swaziland National Sports Council				X	
38. Swaziland National Youth Council		X	X		
39. Swaziland Youth Enterprise Fund		X	X	X	
40. Swaziland Council of Arts and Culture				X	

x – Submitted

* - Dormant

THE PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME QUARTERLY REPORT FOR THE PERIOD ENDED 30th JUNE, 2011

1. GENERAL

As at the quarter ending 30th June, 2011, the only change to the fund was the guarantee issued to Swazi Bank for facilities granted to The Swaziland Cotton board, the guarantee was renewed for a further period of 12 months. There were no other changes to the fund.

We continue to encourage usage of the fund, for the parastatals to get full benefit from the fund. To assist all the Public Enterprises to grow, the Public Enterprise Unit and Standard Bank embarked on a marketing promotion of the fund by visiting the Public Enterprises to fully explain how the fund operates, understand the challenges of each enterprise and their reasons for not using the fund as well as to explain the benefits of using the fund. To date the scheme has had participation from three (3) banks with 6 guarantees having been issued. Only 4 Public Enterprises, Swaziland National Housing Board, Swaziland Television Authority, National Maize Corporation and the Swaziland cotton board having benefited from the scheme since inception.

The Public Enterprise Unit as well as Standard Bank as the administrators would like to see all the parastatals making use of the fund and benefiting from it, especially in the current economic downturn being experienced.

We will continue to market the fund and encourage the enterprises to make use of the fund. A brouchure on the fund, purposes, how to make use of the fund as well as the rules and procedures of the fund will be given to all the parastatals. To-date 14 Public Enterprise have been visited.

2. FINANCIAL

To-date contributions by the Government of Swaziland remains unchanged at E5.0 million while contributions from participating Public Enterprises plus Government contribution amounts to E138,307,952.17(One Hundred and Thirty Eight Million, Three Hundred and Seven Thousand, Nine Hundred and Fifty Two Emalangeni and Seventeen cents only) as at the end of June, 2011.

The increase was mainly attributed to receiving contributions from the Public Enterprises, interest earnings from funds held on call account and interest on a loan advanced to the Swaziland Development Finance Corporation (FINCORP). Please refer to the contributions Table on Page 4 and the Balance Sheet and Income Statement for the quarter ending 30th June 2011 (attached) showing the financial performance of the Fund.

3. TECHNICAL REBATE 20% POOL FUND

As at 30th June 2011, as required by the Government Gazette of January 18, 1995 that 20% of the contributions from each public enterprise be used for training for all the public enterprise, a total sum of E27,661,590.43(Twenty Seven Million, Six Hundred and Sixty One Thousand, Five Hundred and Ninty Emalangeni and Forty Three Cents only) representing the 20% from all the Public Enterprises contributions has been transferred to the Technical Rebate Fund account.

This Fund is the responsibility of the Ministry of Finance and the Public Enterprise Unit and is for the purposes of training of the public enterprises. For The quarter ending 30th June, 2011 drawings amounted to E205,924.00 (Two hundred and Five Thousand Nine Hundred and Twenty Four Emalangeni). Total drawing up to the period ending 31st December, 2010 amount to E2,282,238.50(Two Million, Two Hundred and Eighty Two Thousand Two Hundred and Thirty Eight Emalangeni and Fifty Cents Only) had been drawn by the Ministry of Finance Public Enterprise Unit. Please see Table below (on Page 4) and Balance Sheet and Income Statement for the quarter ending 30th June, 2011 (attached).

4. LATEST DEVELOPMENTS ON PELG FUND

There is currently only one guarantee and one loan that is in existence from the Public Enterprise Loan Fund. The guarantee has been issued to the Swazi Bank for an on behalf a project for the Swaziland Cotton Board. The guarantee was issued for a period of 12 months and will expire on the 28th of June 2011. The loan in existence was issued to Fincorp. Fincorp previously had a loan from the fund, the loan was repaid in full and E20 million was redrawn. The loan was redrawn in March 2011.

BREAKDOWN OF P.E.S' CONTRIBUTIONS SINCE JULY 1993 TO 30th June, 2011

		31st March'2011	30 June' 2011	CHANGE
		E	E	E
01	Swd Dairy Board	2,337,161.63	2,360,813.32	23,651.69
02	Swd Cotton board	132,172.89	136 053.19	3,880.30
03	S.N.P.F	7,125,762.59	7,125,762.59	0
04	Swd Railways	10,718,222.04	10,939,243.29	221,021.25
05	Nat. Maize Corp	5,689,526.85	5,878,342.13	188,815.28
06	UNISWA	8,435,988.14	8,435,988.14	
07	S.E.C.	36,550,414.34	37,630,314.04	1,079,899.70
08	Trade Fair	4,506.00	4,506.00	-
09	Housing Board	1,387,976.84	1,387,976.84	0
10	SRIC	348,280.22	348,280.22	-
11	SEDCO	321,630.17	321,630.17	0
12	TV Authority	892,711.51	892,711.51	0
13	Water Services Corp.	9,228,600.10	9,532,723.93	304,123.83
14	National Airways	458,534.55	458,534.55	-
15	Post & Telecomms	30,406,709.84	33,494,688.59	3,087,978.75
16	Trust Commission	414,735.54	450,740.93	36,005.39
17	Pigg's Peak Hotel	361,027.00	361,027.00	-
18	Namboard	1,507,475.82	1,595,720.54	88,244.72
19	Sebenta	103,210.04	112,675.34	9,465.30
20	SDSB	8,158,302.11	8,519,198.36	360,896.25
21	FINCORP	1,939,604.72	1,939,604.72	0
22	M.V.A. Fund	4,276,018.35	4,451,334.66	175,316.31
23	SIPA	106,994.44	153,734.04	46,739.60
24	SWADE	220,038.04	220,038.04	0
25	Swd Tourism Authority	154,347.18	154,347.18	0
26	HIV/AIDS EMERG. FUND	906,247.41	1,001,160.56	94,913.15
27	C.M.A.C.	168,513.36	188,473.97	19,960.61
28	Swd Standards Authority	53,852.70	61,936.32	8,083.62
29	Swd Environmental Authority	126,682.82	150,392.00	23,709.18
	Sub-totals	**132,535,247.24**	**138,307,952.17**	**5,772,704.93**
	Transfer to Rebate account	(26,507,049.45)	(27,661,590.43)	**(1,154,540.98)**
	Add: Govt Contribution	5,000,000.00	5,000,000.00	-
	Balance	**111,028,197.79**	**115,646,361.74**	4,618,163.95

PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME

Income Statement for the quarter ended 30th June 2011

INCOME	**2011** E
Interest on Bank Account	-
Interest on Treasury Bills	-
Interest on Call account	734 730.39
Interest on Fincorp Investment	356 000.00
	1 090 730.39
EXPENDITURE	
Payments	205 924.00
Surplus for the quarter	1 090 730.39
Retained Surplus/(Deficit)	53 976 249.93
Accumulated Surplus/(Deficit)	55 272 904.32

PUBLIC ENTERPRISE LOAN GUARANTEE SCHEME

Balance sheet as at 30th June 2011

Capital Employed	**2011**
Capital	5 000 000.00
Contributions from Public Enterprises	133 307 952.17
	138 307 952.17
Transfer to Public Enterprise Unit Technical Rebate Fund	27 661 590.43
	110 646 361.74
Accumulated Surplus/(Deficit)	55 272 904.32
	165 919 266.06
Employment of capital	
Current Assets	
Current Account	528 004.27
Call Account	85 391 261.79
Investments at other banks	60 000 000.00
Loan to Fincorp	20 000 000.00
	165 919 266.06
Current Liabilities	
Provision for Audit Fees	20 000.00
	165 899 266.06
Memorandum of Account	
Guarantees Issued	
Counterpart of Guarantees Issued	**1 625 000.00**